

Global Governance

Assessment 2003

A report to the Bishops of COMECE



Commission of the Bishops' Conferences of the European Community

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Foreword

Two years have passed since the report “Global Governance: Our responsibility to make globalisation an opportunity for all” was presented to us by a group of high-level and respected actors and experts in international relations. Together with the update published last year, this report has drawn a lot of attention both inside and beyond the Church. While the authors have always admitted the report's lacunae, especially in the area of global security and migration, its recommendations can be considered as a serious effort to develop concrete, pragmatic and realistic steps in order to pursue the common good at a global level in the economic, environmental and social fields.

For this reason we asked this expert group to provide us with a regular assessment of world affairs and recent developments in international organisations in the light of the recommendations in the report. We had the pleasure of receiving and discussing the first of these annual assessments during the Plenary Meeting of the Bishops of COMECE on 30-31 October 2003 in Brussels.

We were very impressed by the amount and the quality of the work that has gone into this document, and we thank the group of experts chaired by Michel Camdessus for its ongoing efforts to keep us informed on matters concerning global governance. Our special thanks go to Charlotte Kreuter-Kirchhof, who took up the unenviable challenge of screening through hundreds of different sources in order to analyse and organise them in the present form.

It is with great pleasure that we publish this first edition of the Global Governance Assessment. We hope that it will provide the reader with a degree of orientation and in-depth information on the efforts that are presently being undertaken to “preserve the environment for the generations that will follow us and to offer more and better opportunities to the poorest”.

Bishop Josef Homeyer, President
Bishop Adrianus van Luyn, Vice-President
Archbishop Hippolyte Simon, Vice-President

Global Governance Assessment 2003

Better global governance is key to ensuring that the positive impacts of globalisation are enhanced and its potentially negative effects are adequately balanced and mitigated. In September 2001, an ad-hoc Group on Global Governance established by the Commission of the Bishop's Conferences of the European Community (COMECE) submitted a report with the aim to outline proposals to ensure an effective system of global governance. Recalling the words of Pope Paul VI who said that development is the new name for peace and in order not to overburden the agenda of this report, its focus remained limited to economic, social and ecological issues and their institutional aspects. This report was followed by an update one year later. The present Global Governance Assessment is intended to continue the work on the Global Governance Report.

The Global Governance Assessment aims to take stock of the progress made towards improving the state of global governance over the year leading to September 2003. Progress is assessed mainly with respect to the implementation of a list of recommendations. This list summarises the recommendations included in the initial report. With regard to this list, the Global Governance Assessment observes and analyses the international developments in 2003 to find out whether or not and how far the recommendations proposed in the report have been implemented in practice.

There are inevitable shortcomings of such an assessment, which have to do with the complexity of the issue, its evolving character and the difficulty of identifying and assessing changes from one year to another. However, the following general conclusion may be drawn: some improvements with regard to the recommendations for a better system of global governance have been made, but much remains to be done. Above all the issues of trust, compliance and implementation have been the main challenges to the development of global governance in 2003.

The information used for the Global Governance Assessment is available on the Internet; the sources of information used for the assessment are listed in the second part of this document. The Global Governance Assessment relies on this information; it describes, compiles and analyses it, but it does not verify it. The List of recommendations is to be found in the annex.

I. A fundamental set of values and principles as the basis for better global governance

Better global governance can only be achieved if the many actors involved share and respect a certain number of **basic values and principles**. Among these are the respect for human dignity, the pursuit of solidarity and social justice, and the principles of subsidiarity, greater coherence, truthfulness, transparency and accountability.

On the occasion of its fortieth anniversary His Holiness *John Paul II* recalled the Encyclical Letter *Pacem in Terris*: “Peace on earth can be firmly established and sustained only if the order laid down by God be dutifully observed”. Pope John Paul II outlined the essential conditions for peace: truth, justice, love and freedom. He explained that all human activities including international politics take place inside the sphere of moral judgment. Our world of today finds itself in an ongoing, not reversible process of growing interdependence. This is what we call “globalization”. Therefore, all actors in this process, on the local, regional, national and international level, have the responsibility to work for the global common good.

In his message on the World Peace Day 2003, His Holiness Pope John Paul II recalled the ancient maxim “*pacta sunt servanda*” and urged all actors in society to comply with the commitments they have agreed to. According to John Paul II, “promises made to the poor should be considered particularly binding”. He regards this as a serious moral question and as essential in order not to disturb trust in international relations.

II. Effective measures to reduce poverty and to protect the global environment

A system of better global governance has to offer more and better opportunities to the poorest and to preserve the environment for the generations that will follow us.

1. Today, more than 1.2 billion people – one in every fifth on Earth – survive on less than \$1 a day and the 2.8 billion people live on less than \$2 a day. **Sound economic, social and environmental conditions** are a precondition for poverty reduction; it is the primary responsibility of developing countries to ensure good governance in their own countries. This includes the fight against corruption that will only be won in many countries with an improved performance on transparency, good governance and the rule of law and a strengthened enforcement of anti-bribery laws.

In 2003, efforts have been made to implement the principles of good governance. Among the many initiatives, the *African Peer Review Mechanism* is of crucial importance for the African continent. It is a self-monitoring system for member states of the African Union with the aim of ensuring that the policies and practices of participating states conform to the agreed political, economic and corporate governance values, codes and standards. So far, 15 states have accepted the Peer Review Mechanism, but it can only fulfill its tasks if it is constantly supported and implemented.

2. The many challenges faced especially by the poorest countries cannot be met without continued support from the international community. Private capital flows so far have bypassed the poorest countries. However, only a few countries reach the agreed target of 0.7% of their GNP for **official development assistance**. While the tide of declining aid was turned with the Conference on Financing for Development in Monterrey last year, this agreed increase would bring total official development assistance to just 0.26% of the gross national incomes of the 22 members of the OECD's Development Assistance Committee.

These resources fall short of what is needed. To raise the amount of development aid Gordon Brown, Chancellor of the Exchequer of the United Kingdom, proposed the establishment of an International Finance Facility. The Facility would provide a temporary framework seeking to raise the amount of development aid for the years to 2015 from \$50 billion a year to \$100 billion per year in order to help meet the internationally agreed Millennium Development Goals.

3. In September 2000, the international community has set itself a number of international goals for global development. Among these Millennium Development Goals is the target to **halve the number of people living in extreme poverty by 2015** compared to 1990 levels. According to the data published by the United Nations Development Program (UNDP) and the World Bank, almost all the reduction in the number of people living in extreme poverty was made in East Asia and Pacific, led by China. But other regions are left behind. Differences in performance are explained partly by external factors, partly by the quality of domestic policies. According to UNDP, for example it will take Sub-Saharan Africa until 2147 to halve extreme poverty at the current pace. Reaching this Millennium Development Goal will need stronger economic growth and stronger efforts in the affected countries as well as concerted action by the international community.

4. With regard to **education**, another agreed target is the Millennium Development Goal to ensure that all children can enroll in and complete a full course of primary schooling by 2015. UNDP concludes, that according to the last data published 80% of children are enrolled in primary school. However, there are still 115 million primary-school-age children not in school, three-quarters of whom lived in South Asia or Africa. The remaining gender disparities need special attention: Three—fifth of the 115 million children out of school are girls, and two-thirds of the 876 million illiterate adults are women. Moreover, just half the children who start primary school finish it – and in Sub-Saharan Africa, just one in three. Recent studies by the OECD have shown that investment not only in primary, but also in secondary and tertiary education pays rich returns as it is the key to building a skilled and knowledge-based workforce which is indispensable in our world of today.

5. The Millennium Declaration resolved to halt the spread of

HIV/AIDS, malaria, and other major diseases, and begin to reverse their incidence, by 2015. **AIDS** is having a devastating impact in developing countries, especially in Africa; it is the leading cause of death in Africa. Currently, 42 million people are infected with AIDS; 39 million of them living in developing countries. The majority of them does not have access to treatment. **Malaria** affects approximately 300 million people each year causing at least one million deaths each year. Prompt and effective treatment can reduce death's rates by 50%. **Tuberculosis** causes up to 2 million deaths a year, although its infection can be prevented, treated and contained at relatively low costs. The Global Fund to Fight AIDS, Tuberculosis and Malaria, established in 2002, has already attracted a certain amount of new resources for the fight against these diseases and has financed more than 150 programs in 92 countries. However, its needs are not met so far.

Another health issue is the eradication of **Polio**. Today, only seven countries worldwide remain polio-endemic. Although unexpected cases occurred in India last year, the aim of wiping out Polio by 2005 is still achievable, if the mass immunization campaigns are successful. This will also depend upon closing the funding gap.

Furthermore, in 2003, a severe and readily transmissible new disease spread around the world along the routes of international air travel, the severe acute respiratory syndrome, or **SARS**. 8437 people worldwide became sick; 813 died. In late July, however, no new cases were reported. This was also due to the prompt action taken by the World Health Organization (WHO) in spite of resistance from China. SARS has shown how close the world has come together also in terms of health risks and how important concerted international action in these cases is.

6. The concept of sustainable development recognizes the close linkage between poverty reduction and environmental protection. Worsening environmental conditions often hit poor people the hardest. And when poor people degrade the environment, it is often because they have not the financial and technical means to avoid such degradation. **Global environmental problems** are caused directly or indirectly by human activities worldwide and have global effects. Therefore, they call for international strategies and cooperation of all states if they are to be

solved. The well-being of humanity depends upon preserving a healthy biosphere. But the integrity of creation is also a question of intergenerational equity.

7. **Climate change** is one of these global environmental problems. Scientists warn us, that the earth's climate is changing due to higher anthropogenic emissions of greenhouse gases. Recognizing the remaining scientific uncertainties as well as the further improved scientific research and the risks foreseen, it is high time for adequate answers to this global challenge. The Framework Convention on Climate Change and the Kyoto Protocol are only first but important international steps towards saving the earth's climate. Even after the United States of America have withdrawn from the Kyoto Protocol, it could enter into force, if the Russian Federation ratifies it. The ultimate success of the Kyoto Protocol will depend upon the political will to implement it effectively and to further develop it. This requires more efforts as well as constant universal support.

8. The Convention for the Protection of the **Ozone Layer**, together with the Montreal Protocol have been successful in slowing and reversing the increase of ozone-depleting gases in the atmosphere. Their implementation is guaranteed in all nations further on, the decrease will continue throughout the 21st century.

9. For economic, but also for ethical reasons **biological diversity** is to be protected against the threat of habitat loss, overexploitation, pollution, climate change and the invasions of alien species. So far, the Convention on Biological Diversity as the international framework for the protection of biodiversity was not able to guarantee this. Starting with the protection of the biodiversity hotspots seems to be an adequate first step.

On 11 September 2003, the Cartagena Protocol entered into force setting out procedures for the safe transfer, handling and use of **genetically modified organisms** (GMOs) that may have an adverse effect on biodiversity and its components. Already in July, the Council of Ministers of the EU adopted two new regulations on traceability and labeling of GMOs, and on GM food and feed.

In 2003, a lot of public attention was devoted to the announce-

ment, that scientists had decoded nearly 100% of the human genome structure, almost two years ahead of schedule in the international Human Genome Project.

10. The Convention to Combat Desertification is the only internationally legally binding framework addressing the problem of **desertification**. 250 million people are directly affected by desertification; in addition the livelihoods of some one billion people are threatened. The designation of the Global Environment Facility as the financial mechanism of the convention will help to foster its implementation.

11. As outlined in the latest data published by the Food and Agriculture Organization of the United Nations (FAO), **forest** area in developed countries has stabilized and is slightly increasing overall, while deforestation has continued in developing countries. It stills lacks a coherent framework for international action to protect our forests.

12. According to the Human Development Report 2003 of the UNDP, 1.2 billion people are without access to **freshwater** and 2.4 billion people lack proper **sanitation**. 3 million die each year from diseases caused by unsafe water. A third of the developing world's population lives in countries facing water stress; this number could increase to 5 billion people by 2025, if current trends persist. It is estimated that an increase of \$100 billion a year is needed to bring safe water to the 1.2 billion people without it.

The *Third World Water Forum* in Kyoto in March 2003, made clear, that water is a driving force for sustainable development and stressed the importance of good governance, improved capacity and adequate financing to face the global water challenges. Also at the *G8 summit* in Evian in June 2003 water issues ranked high on the agenda adopting action plans on "Water" and on "Marine Environment and Tanker Safety".

13. Technological developments have the potential to improve people's lives. There is an enormous need for **technology transfer** into developing countries to let poor people participate in these advantages. While often the solution lies in diffusing existing technologies and capacity building, for some sectors a lack of research funding is the problem.

III. Establishing a stronger system of global governance

A stronger system of global governance can only be built with the active support and cooperation of the many actors involved. Together these actors form a network that can drive global governance.

1. Among these actors are the **churches and other religions**. They can contribute to better global governance by informing themselves and their followers about the global challenges and encouraging them to take up their responsibilities. In 2003, there were a number of initiatives in the churches dealing with global governance, for example: the plenary session of the *Pontifical Academy of Social Sciences* in Rome, that focused on “The Governance of Globalisation”, the further development of the “*Asises Chrétiennes de la Mondialisation*” in France, the Ecumenical Kirchentag in Berlin and the publication of the declaration “*International financial markets – justice requires rules*” of the Committee of German Catholics. These are encouraging examples, that invite us to strengthen our efforts.

2. **Non-governmental organisations, movements and associations** played an active role in the discussions on globalisation during the last months. Only one example can be mentioned here: the *World Social Forum* that took place in Porto Alegre, Brazil, in January 2003, where over 100000 people gathered under the slogan “Another World is Possible”. Non-governmental organisations may monitor and echo developments at the international level and develop proposals. But they have to accept the principles of non-violence, transparency and accountability. They need to respect the democratic political process and act accordingly.

3. **Multinational companies** are important actors in the world of today. The guidelines published by Organisation for Economic Cooperation and Development (OECD) as an internationally agreed “code of conduct” as well as the “Global Compact”, proposed by the Secretary General of the United Nations in 1999, are very valuable tools

to promote stronger corporate responsibility. In June 2003 in Evian, G-8 leaders made clear in their declaration "*Fostering Growth and Promoting a Responsible Market Economy*", that restoring investor confidence through sound corporate governance, as well as corporate structures and market intermediaries that are more accountable, is essential to promoting growth in the economies. Multinational companies are encouraged to introduce social responsibility reports. Especially in the domain of international finance, private banks and other private financial institutions have an indirect impact on the production of essential public common good and thus play a special role.

4. Global governance implies that **nations states** pay more attention to the international impact of their domestic policies, respect their global obligations and accept the basic principles of multilateralism. Domestic economic policy must more than ever take into account its potential worldwide impact. National governments must voice their support for the position taken in the executive bodies of the international organizations.

5. Better global governance needs co-ordinated and coherent decisions by the **existing international institutions**. An important meeting with the aim of fostering coherence, co-ordination and closer co-operation among key international institutions was the special *high-level meeting of the Economic and Social Council with the Bretton Woods institutions and the World Trade Organisation* in April 2003. In order to build a better system of global governance, the mandates of existing international organisations need to be reviewed with a view to identifying sources of conflicting objectives, barriers to coherent behaviour and gaps in the institutional architecture.

6. So far the year 2003 has seen some important developments with regard to **regional agreements**; only a few of them can be mentioned here. On the European level, the *Convention on the Future of Europe* has submitted a draft treaty establishing a "Constitution for Europe". Furthermore, the biggest European *enlargement* process ever in terms of scope and diversity has moved forward with the signature of the accession treaty in April 2003 and its ratification in all 10 acceding countries. Member states of the African Union have signed the

Memorandum of Understanding of the *African Peer Review Mechanism*. There has been an initiative to revitalise and reform the Southern Cone Common Market known as Mercosur and the negotiations on the *Free Trade Area of the Americas* (FTAA) continue with the aim to be completed by 2005.

After the disappointing results of the Cancún Ministerial Conference, the proliferation of bilateral and regional (trade) agreements is expected to continue. If regional trade agreements do not discriminate unduly against third parties, they can be important instruments to deal with the challenges of globalisation. But they imply the risk to weaken the multilateral framework of the WTO. Regional agreements cannot replace international institutions with a global outreach.

7. According to the Doha Development Agenda, the Fifth Ministerial Conference of the **World Trade Organization** (WTO) was intended to take stock of progress in international trade negotiations, to provide necessary political guidance, and to take decisions as necessary. Thus, it was supposed to be an important step towards the implementation of the Doha Development Agenda. Despite these commitments, the *Cancún Ministerial Conference* ended with disappointing results on 14 September 2003. The ministerial statement only instructs member governments' officials "to continue working on outstanding issues with a renewed sense of urgency and purpose and taking fully into account all the views (...) expressed in (the) conference." The ministers asked to convene a meeting of the General Council no later than 15 December 2003 to take necessary action.

The deadlock at the Cancún conference was a serious setback for the Doha Development Agenda, if not for the whole multilateral trading system, with particularly negative implications for the poorest countries. As the Director General of the WTO said: "If the Doha Development Agenda fails, the losers will be poor of the world". The Cancún conference brought no advancement to trade issues of potential benefit to developing countries such as market-opening in manufactured products, services and agriculture, in particular through the reduction of subsidies. Members remained entrenched, on the "Singapore" issues, trade and investment, trade and competition policy, transparency in government

procurement and trade facilitation, which contributed to the breakdown of the conference and reduced the chances of a more comprehensive scope for rule-setting at the multilateral level.

After the Cancún conference not only the ability of the industrialised and the developing countries to find compromises in difficult political negotiations stands in question but also the suitability and efficiency of the decision-making process of the WTO. However, this should not be used as an excuse for postponing action on trade liberalisation. Whether the contributions of all NGO's to the Cancún conference were always responsible and in the interest of the countries they proclaimed to advocate has to be questioned as well. The importance of market-opening in agriculture for developing countries should not be underestimated; the industrialised countries have to show their willingness to finish the Doha Development round by its original deadline of December 31st 2004 in order not to disturb the credibility of fair international trade negotiations.

8. One reason, why consensus was not reached at the Cancún Ministerial Conference was the disagreement on the Singapore issues namely investment, competition policy, transparency in government procurement and trade facilitation. Fair international rules for the treatment of **foreign direct investment** (FDI) would be in the interest of developing countries.

9. With regard to the interaction between trade and **competition policy**, a multilateral framework could enhance the contribution of competition policy to international trade and development. Consensus should be reached on the core principles needed for competition rules including transparency, non-discrimination and procedural fairness, and on provisions on hardcore cartels.

10. By early 2003, 26 countries had benefited from the *Heavily Indebted Poor Countries (HIPC)* Initiative launched by the **International Monetary Fund** and the World Bank in 1996. 18 HIPCs had reached the decision point, meaning that they will begin to benefit from debt service relief, and 8 had reached the completion point, meaning that some of their debt has been forgiven. But in order to achieve a debt

sustainability, fiscal discipline and sustained economic growth are needed in addition to debt relief. Attaining macroeconomic stability, satisfactorily implementing Poverty Reduction Strategy Papers (PRSPs), and meeting other social and structural completion point triggers are critical to realising the objectives of the HIPC Initiative.

According to the original schedule of the HIPC initiative, 19 countries should have reached their completion points by now, not 8. Additional resources are needed. The idea has been raised to re-examine the sunset-clause to ensure that countries moving towards HIPC debt relief, can benefit from the initiative.

According to the *James D. Wolfensohn*, the President of the World Bank Group, the World Bank Group now has more than 2500 staff in the field. Success rates in the projects have risen— from 71 percent in 1995 to 85 percent in 2002. Policy performance, good governance and the fight against corruption are now priorities in the country dialogues. The World Bank is driving hard on AIDS, education, and water, and is expanding its efforts in basic infrastructure. The World Bank works with the IMF in the HIPC initiative, but also tries to respond to the needs of the middle-income countries, where many of the poor live.

According to *Horst Köhler*, the Managing Director of the International Monetary Fund, strengthened and effective IMF surveillance is essential to enhancing crisis prevention and promoting stability and sustained global growth. There has been widespread support for the IMF to remain fully engaged with its low-income members and in its work on post-conflict countries. Horst Köhler explained that with the PRSP process, there exists an agreed framework to make progress toward the Millennium Development Goals. But with a view to conflicting objectives, striving for balance is necessary while realising that often difficult choices are faced.

11. The **International Labor Organization** (ILO) established the World Commission on the Social Dimension of Globalization in February 2002. Its report is expected to be released by late 2003.

12. Strengthening international environmental governance

remains of high importance. An increased coordination among international institutions as well as a strong central environmental body are needed. A new **World Environment Organization** (WEO) could articulate environmental concerns in an audible, credible and effective manner and promote coherent and consistent decisions on the international level. It could also contribute to monitoring international environmental developments and thus contribute to ensure compliance with agreed commitments.

13. The international developments in 2003 have shown some good signs of better global governance. However, more coherence, co-ordination and arbitration among international institutions remain necessary. A **Global Governance Group** (G 3) could link all countries in a structure that is both sufficiently restricted and legitimate. It could hold an annual summit on economic, social and environmental issues and make decisions on the basis of consensus. Its members would have to tackle major problems and issues and provide responses to the key issues of global governance.

With the introduction of the “*enlarged dialogue*” at the summit of the G8 leaders in Evian a step towards broader participation was made. The G8 met a group of leaders from 11 developing countries in an informal meeting on the issues of globalisation and international governance. Being a forum for fruitful discussions among the different countries the “*enlarged dialogue*” could contribute to strengthen global governance if it becomes a regular part of G8 summits.

On the foundation of a set of core values and principles a network of actors can create a stronger system of global governance with a Global Governance Group as a possible keystone. This system of global governance has to address the two main challenges of our times: to preserve the environment for the generations that will follow us and to offer more and better opportunities to the poorest.

Charlotte Kreuter Kirchhof
COMECE, Brussels
September 2003

Global Governance Assessment 2003

Sources of Information

In the following document the sources of information used for the Global Governance Assessment 2003 can be found. In order not to overburden the Global Governance Assessment some developments with regard to global governance in 2003 are not described in the assessment, but they are added to the following list. The Global Governance Assessment 2003 describes, compiles and analyses the following sources of information in order to find out whether or not and how far the recommendations proposed in the report “Global Governance – Our responsibility to make globalisation an opportunity for all” are implemented in practice. The Global Governance Assessment relies on these resources, but it does not verify the information given.

All the information used to analyse the international developments for the Global Governance Assessment 2003 is available in the Internet. For practical reasons, the sources of information used for the assessment are quoted and listed in this document as a reference following each recommendation of the report. Being a reference and not the global governance assessment itself, quotations have not been marked as such, but all sources used are listed at the end of each paragraph.

I. A fundamental set of values and principles and the responsibility for the global common good

No real progress in global governance is possible without a values system that is jointly embraced and respected. In this regard, the social teaching of the Church offers its insights “to all men and women of good will”. The Church offers her social teaching as a definition of values and principles for a system of global governance.

2003 was the year of the fortieth anniversary of Pope John XXIII’s Encyclical Letter *Pacem in Terris*. **His Holiness Pope John Paul II** took the occasion of the celebration of the **World Day of Peace 2003** to commemorate and recall *Pacem in Terris*.

According to the Encyclical Letter *Pacem in Terris*, “peace on earth can be firmly established and sustained only if the order laid down by God be dutifully observed”. The essential conditions for peace lay in four precise requirements of the human spirit: truth, justice, love and freedom. Truth will build peace if every individual sincerely acknowledges not only his rights, but also his own duties towards others. Justice will build peace if in practice everyone respects the rights of others and actually fulfils his duties towards them. Love will build peace if people feel the needs of others as their own and share what they have with others, especially the values of mind and spirit, which they possess. Freedom will build peace and make it thrive if, in the choice of the means to that end, people act according to reason and assume responsibility for their own actions.

Seeking to bring these values into local, national and international life, men and women were becoming more aware that their relationship with God, the source of all good, must be the solid foundation and supreme criterion of their lives, as individuals and in society. Because the world was becoming increasingly interdependent and global, the common good of humanity had to be worked out on

the international plane. Therefore, Pope John XXIII spoke of a “universal common good”.

According to *Pacem in Terris*, the question of peace cannot be separated from the question of human dignity and human rights. Precisely because human beings are created with the capacity for moral choice, no human activity takes place outside the sphere of moral judgement. Politics is a human activity; therefore, it too is subject to a distinctive form of moral scrutiny. This is also true of international politics. As Pope John XXIII wrote in *Pacem in Terris*: “The same natural law that governs the life and conduct of individuals must also regulate the relations of political communities with one another”.

In his message on the celebration of World Peace Day 2003 Pope John Paul II draws the conclusion that there is an unbreakable bond between the work of peace and respect for truth. Honesty in the supply of information, equity in legal systems, openness in democratic procedures give citizens a sense of security, a readiness to settle controversies by peaceful means, and a desire for genuine and constructive dialogue, all of which constitute the true premises of a lasting peace. Political summits on the regional and international levels serve the cause of peace only if joint commitments are then honoured by each party. Otherwise these meetings risk becoming irrelevant and useless, with the result that people believe less and less in dialogue and trust more in the use of force as a way of resolving issues. The negative repercussions on peace resulting from commitments made and then not honoured must be carefully assessed by State and government leaders.

His Holiness Pope John Paul II recalls the ancient maxim *pacta sunt servanda* and says: If at all times commitments ought to be kept, promises made to the poor should be considered particularly binding. Especially frustrating for them is any breach of faith regarding promises which they see as vital to their well-being. In this respect, the failure to keep commitments in the sphere of aid to developing nations is a serious moral question and further highlights the injustice of the imbalances existing in the world. The suffering caused by poverty is compounded by the loss of trust. The end result is hopelessness. The existence of trust in international relations is a social capital of fundamental value.

The task, which the Encyclical called “immense”, is that “of establishing new relationships in human society, under the sway and guidance of truth, justice, love, and freedom”. Pope John indicated that he was referring to “relations between individual citizens, between citizens and their respective States, between States, and finally between individuals, families, intermediate associations and States on the one hand, and the world community on the other”. All these actors in society have the responsibility for the global common good. Or as Pope John concluded: “To bring about true peace in accordance with divinely established order” was the “most noble task”

Source of information:

- *Message of his Holiness Pope John Paul II for the celebration of the World Day of Peace 2003, 1 January 2003 (www.vatican.va)*
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I. Effective measures to reduce poverty and to protect the global environment

The two main challenges of our times are the protection of the environment for the coming generations and the fight against poverty. Effective measures to reduce poverty are needed to offer more and better opportunities to the more than 1.2 billion people – one in every five on Earth – who survive on less than \$1 a day and the 2.8 billion people who are living on less than \$2 a day.

II. 1. Sound economic, social and environmental condition

Sound economic, social and environmental conditions are a precondition for poverty reduction. It is the primary responsibility of developing countries to ensure good governance in their own countries. Rich countries agreed to base their support for poor countries on their concrete efforts to improve economic and democratic governance and to implement policies for effective poverty reduction. At the same time, donor countries have committed themselves to improve their donor practices. Many developing countries made efforts towards better governance; some of them may be mentioned here.

African Peer Review Mechanism

In March 2003, the Memorandum of Understanding of the **African Peer Review Mechanism** (APRM) has been signed by the heads of state of the member states of the African Union participating in the APRM. While the African Union aims at promoting peace, security, and stability on the African continent as well as democratic principles and institutions, participation and good governance, the African Peer Review Mechanism is a self-monitoring system for member states of the African Union. These countries may voluntarily accede to it.

The mandate of the African Peer Review Mechanism is to ensure that the policies and practices of participating states conform to the agreed political, economic and corporate governance values, codes and

standards, and achieve mutually agreed objectives in socio-economic development contained in the Declaration on Democracy, Political, Economic and Corporate Governance. The primary purpose of the APRM is to foster the adoption of policies, standards and practices that lead to political stability, high economic growth, sustainable development and accelerated sub-regional and continental economic integration through sharing of experiences and reinforcement of successful and best practice, including identifying deficiencies, and assessing the needs for capacity building of participating parties. The APRM process will entail periodic reviews of the policies and practices of participating states to ascertain progress being made towards achieving mutually agreed goals and compliance with the agreed standards and values. It lies in the interest of all African states and the international community, that the APRM will achieve its objectives. So far, 15 states have accepted the Peer Review Mechanism. Ghana and Uganda have volunteered to submit themselves first to the peer review process

Despite these efforts, the progress seen in many countries is still not sufficient to ensure sound economic, social and environmental conditions. To take the example of the African continent again, another important step forward would be the acceleration of the pending ratification of the **African Court of Human and People's Rights**.

International fight against corruption

One important aspect of working towards sound economic, social and environmental conditions is the fight against corruption. Transparency International, an independent non-governmental organization fighting corruption, ranked 102 countries in terms of the degree to which corruption is perceived to exist among public officials and politicians. In 2002, seventy countries scored less than 5 out of a clean score of 10. Corruption was perceived to be rampant in Indonesia, Kenya, Angola, Madagascar, Paraguay, Nigeria and Bangladesh. Countries with very low levels of perceived corruption were predominantly rich countries, namely Finland, Denmark, New Zealand, Iceland, Singapore and Sweden.

Transparency International concluded that in parts of South America, the misrule of political elites have drained confidence in the democratic structures that emerged after the end of military rule.

Argentina, where corruption is perceived to have soared, joins Panama, Honduras, Guatemala, Nicaragua, Venezuela, Bolivia, Ecuador, Haiti and Paraguay with a score of 3 or less out of 10.

While some countries in transition from communism –most notably Slovenia, which has a cleaner score than EU member countries Italy and Greece– were perceived to be increasingly less corrupt, many countries in the former Soviet Union remained ridden with corruption. Despite some progress, Russia has a long way to go and remains seriously corrupt, together with Uzbekistan, Georgia, Ukraine, Kazakhstan, Moldova and Azerbaijan, all of which score less than 3 out of 10.

In 2002, with respect to corrupt practices among international businesses, Transparency International revealed high levels of bribery by firms from Russia, China, Taiwan and South Korea, closely followed by Italy, Hong Kong, Malaysia, Japan, USA and France – although many of these countries signed the OECD Anti-Bribery Convention, which outlaws bribery of foreign public officials. The highest scores, indicating the lowest propensity to bribe abroad, were for companies from Australia, Sweden, Switzerland, Austria, Canada, the Netherlands and Belgium. Scores were found to have improved slightly since the 1990 survey: companies are marginally less likely to bribe now than three years ago. However, important exceptions to this trend were companies from Britain and the United States, which are now perceived as slightly more likely to bribe than they were in 1999.

In 2003, Transparency International released its first *Global Corruption Barometer*, a new survey of the general public in 47 countries on all continents. In 33 of the countries surveyed political parties are the institution from which citizens would most like to eliminate corruption. This preference was most acutely expressed in Argentina and Japan, where more than half of all respondents picked political parties. The courts were identified by one in seven respondents worldwide, most notably in Peru and Indonesia, where they were pinpointed by one in three. The police were singled out by one in nine respondents worldwide, and by one in three in Hong Kong, Malaysia, Mexico and Nigeria. In Bosnia and Herzegovina, Croatia, Georgia and Poland, one in five selected medical services.

In June 2003 in their declaration “*fighting corruption and improving transparency*” the G8 leaders emphasized their determination to fight corruption and mismanagement of public resources in both revenue raising and expenditures. They agreed to focus bilateral assistance on countries demonstrating commitment to improve performance on transparency, good governance and rule of law and to require fiduciary assessments before countries can access budgetary support. They intend to develop a donors and governments public financial management and accountability performance assessment based on the HIPC tracking exercise. Furthermore, they wish to strengthen the enforcement of anti-bribery laws. Peer reviews of each country’s implementation of the OECD Convention on Combating Bribery of Foreign Public Officials shall be accelerated, accompanied by the public release of these results, so as to complete a first cycle of reviews by 2007.

Another important aspect of the international fight against corruption could be the completion of the **UN Convention Against Corruption**. The drafting process for this convention is timed to be completed by December 2003 for a signing ceremony in Mexico. The G8 leaders declared their commitment to actively contributing to the completion of this convention. They regard effective preventive measures, effective mechanisms for international cooperation in criminal matters and asset recovery and an effective follow-up mechanism for monitoring implementation of the Convention to be necessary.

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 - *G8 Summit in Evian June 2003, Implementation Report by Africa Personal Representatives to Leaders on the G8 Africa Action Plan; Fighting Corruption and Improving Transparency – a G8 Declaration* (www.g8.fr)
 - *African Union* (www.africa-union.org)
 - *Transparency International, Corruption Perception Index 2002; Bribe Payers Index 2002; Global Corruption Barometer 2003; Global Corruption Report 2003; International Institutions – Draft UN Convention against Corruption* (www.transparency.org)
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II. 2. Official Development Assistance

The multitude of challenges faced especially by the poorest countries cannot be met without continued support from the international community. Private capital flows so far have bypassed the poorest countries. However, according to OECD statistics, only Denmark, Luxembourg, the Netherlands, Norway and Sweden reached the agreed target of 0.7 % of their GNP for ODA in 2001. None of the other DAC countries even reached 0.4% in 2001. However, the latest data show that official development assistance was increasing by 5% between 2001 and 2002. Still, such resources fall far short of what is needed.

At Monterrey, the developed countries agreed to increase official development aid with an additional \$16 billion a year by 2006. The United States will nearly double official development assistance —to \$15 billion a year — by 2006. The European Union will increase aid to 0.39% of GNP by 2006 —about \$11 billion more a year.

EU member states are making progress towards achieving the commitments made in Monterrey. **Denmark, Luxembourg, the Netherlands and Sweden** have already reached the UN target of 0.7% of GNI. Other European countries have set targets higher than the EU benchmark: **Belgium**, whose current ODA level is at 0.42%, stated that it would meet the target of 0.7% by 2010. **Ireland** confirmed that it would meet a target of 0.41% for 2003 and of 0.7% for 2007. **France** met the target of 0.39% in 2003 and announced its intention to reach 0.5% in 2007 and 0.70% in 2012. **Finland** attained a level of ODA of 0.35% in 2003. **UK** reached 0.33% in 2003 and has committed to increasing ODA level to 0.4 by 2005. **Italy** has pledged to increase ODA from 0.20% of GDP in 2002 to 0.33% in 2006. **Austria, Germany, Greece, Portugal and Spain** announced that they would meet the ratio target of 0.33% ODA/GNI by 2006. They have not yet been able to produce concrete proposals.

On April 1, 2003 the Cotonou Agreement entered into force. Through the European Development Fund, the European Community will support the ACP (African, Caribbean, Pacific) Countries with 13.5 billion Euro during the first five years.

The tide of declining aid was turned with the pledges made at the Monterrey conference. Yet this increase would bring total official development assistance to just 0.26% of the gross national incomes of the 22 members of the OECD's Development Assistance Committee. Studies have estimated that the external aid will have to increase by \$50 billion a year, if the Millennium Development Goals are to be met. This would require nearly doubling official development assistance from the 23 members of the OECD's Development Assistance Committee, bringing the total to about 0.43% of these countries' gross national income —still less than the 0.7% benchmark used since 1970.

International Finance Facility

In January 2003, Gordon Brown, the Chancellor of the Exchequer of the United Kingdom, proposed the establishment of an International Finance Facility, which should double the amount of development aid provided by the richest countries to the poorest. The Facility is designed to provide additional financing to help meet the internationally agreed Millennium Development Goals. The founding principle of the IFF is long-term, but conditional, funding guaranteed to the poorest countries by the richest countries. On the basis of these long-term donor commitments, comprising a series of pledges for a flow of annual payments to the IFF, the Facility would leverage in additional money from the international capital markets. It would seek to raise the amount of development aid from just over \$50 billion a year today to \$100 billion per year in the years to 2015. The Facility would be in existence for around fifteen years, with the period for repaying its borrowing lasting around thirty years.

Sources of information:

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 - *G8 Summit in Evian June 2003, Implementation Report by Africa Personal Representatives to Leaders on the G8 Africa Action Plan; Fighting Corruption and Improving Transparency – a G8 Declaration* (ggg.g8.fr)
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 - *International Finance Facility* (www.hm-treasury.gov.uk)
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II. 3. Halve the number of people living in extreme poverty by 2015

The international community has set itself a number of international goals for global development. The Millennium Development Goals are the most prominent among them. In September 2000 the world's leaders adopted the UN Millennium Declaration, committing their nations to stronger global efforts to reduce poverty, improve health and promote peace, human rights and environmental sustainability. The Millennium Development Goals that emerged from this Declaration are specific, measurable targets. They include the aim to reduce extreme poverty by 2015 compared to 1990 levels.

Poverty in our world of today

According to the Human Development Report 2003 of the United Nations Development Program more than 1.2 billion people – one in every five on Earth – survive on less than 1\$ a day. The World Bank concludes, that the number of people living on less than \$2 per day, a more realistic poverty line in many countries, increased from 2.7 billion to 2.8 billion from 1990 to 1999. Every day 799 million people in developing countries —about 18% of the world's population —go hungry. In South Asia one person in four goes hungry, and in Sub-Saharan Africa the ratio is as high as one in three. India is home to the largest number of hungry people, 233 million, while Sub-Saharan Africa has 183 million, China 119 million, the rest of East Asia and the Pacific 74 million, Latin America 55 million and the Arab States 32 million.

During the 1990s the share of people suffering from extreme income poverty fell from 30% to 23%. With a growing world population, the number fell by just 123 million – a small fraction of the progress needed to eliminate poverty. And excluding China, the number of extremely poor people actually increased by 28 million. South and East Asia contain the largest numbers of people in income poverty, though both regions have recently made impressive gains. As noted, in the 1990s China lifted 150 million people —12% of the population — out of poverty, halving its incidence. But in Latin America and the Caribbean, the Arab States, Central and Eastern Europe and Sub-Saharan Africa the number of people surviving on less than \$1 a day in-

creased. Almost all of the reduction in the number of people living in extreme poverty was in East Asia and Pacific, where China has made rapid progress. In Europe and Central Asia the number and proportion living in extreme poverty have increased. Elsewhere the poverty ratio has decreased, but the absolute number of people in dire poverty increased.

A lack of sustained poverty-reducing growth has been a major obstacle to reducing poverty. In the 1990s only 30 of 155 developing and transition countries with data —about one in five —achieved per capita income growth of more than 3% a year. As noted, in 54 of these countries average incomes actually fell.

Reaching the Millennium Development Goals?

The United Nations Development Program concludes in its report, that only the Millennium Development Goals of halving income poverty and halving the proportion of people without access to safe water stand a realistic chance of being met, thanks mainly to China and India. Regionally, since 1990 East Asia and the Pacific, led by China, has nearly halved extreme income poverty – and is making significant progress on the other (Millennium Development) Goals as well. But at the current pace it will take Sub-Saharan Africa until 2129 to achieve universal primary education, until 2147 to halve extreme poverty and until 2165 to cut child mortality by two-thirds. For the Arab States and Latin America and the Caribbean, achieving the Goals by 2015 will be challenging, but possible. But for other developing regions achieving the Goals remains a huge challenge.

Poverty rates, already high, increased in 37 of 67 countries with data. In 19 countries more than one person in four is going hungry, and the situation is failing to improve or getting worse. In 21 countries the hunger rate has increased. Halving the proportion of people in extreme poverty will require far stronger economic growth in the top priority and high priority countries where growth has been failing. But growth alone will not be enough. Policies also need to strengthen the links between stronger growth and higher incomes in the poorest households.

The World Bank's Global Economic Prospects 2002 estimates that the proportion of the world's population in extreme poverty could

be halved by the Millennium Development Goal target date of 2015 if the growth rate of GDP per capita in developing countries averages 3,6 percent a year for the next 15 years. This growth rate is twice the actual rate during the 1990s.

Halving the proportion of undernourished and malnourished people by 2015 will require concerted action by the affected countries and the international community. Many countries have made dramatic progress in reducing the proportion of underweight children – one measure of malnutrition – during the past three decades, but progress has slowed. In 2002 there are an estimated 150 million children under age five in developing countries who are malnourished. At current rates of improvement there will still be 140 million underweight children in 2020.

G8 Action Plan Action Against Famine Especially in Africa

At their summit in Evian, G8 leaders adopted an action plan “Action Against Famine, Especially in Africa.” They recognized, that millions of people worldwide are at risk of starvation, of which over 40 million are in Africa. While taking immediate action to avert the present peril of humanitarian crises, they recognized the strong need for longer term solutions to food insecurity, and are committed to working in partnership with developing countries to address these problems. G8 leaders agreed to tackle urgent food shortages, through immediate measures and to improve the efficiency, timeliness and responsiveness of their own contributions of food aid, cash and items other than food. They intend to improve assessment capacities, warning systems and prevention mechanisms. G8 leaders are determined to support integrated approaches and program to identify and tackle the root causes of hunger and malnutrition. According to the G8 action plan, good governance is vital for lasting progress on poverty reduction and food security as well as economic growth. G8 leaders will support efforts by developing countries to establish sound political and economic governance frameworks.

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 - *G8 Summit in Evian, Action Against Famine, Especially in Africa – A G8 Action Plan* (www.g8.fr)
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II. 4. Education

The international community agreed to the Millennium Development Goal to ensure that all children can enroll in and complete a full course of primary schooling by 2015. In many places schools fail to achieve either objective.

School enrolment and completion

During the 1990s primary education enrolments increased in every region, and in many a large proportion of children are enrolled. In East Asia and the Pacific, Central and Eastern Europe and the Commonwealth of Independent States (CIS) and Latin America and the Caribbean more than 90% of children are enrolled in primary school. In South Asia 79% are enrolled, and in the Arab States 77%. In Sub-Saharan Africa net primary enrolments increased by 3 percentage points in the 1990s, yet less than 60% of children are enrolled.

According to the World Bank report, in 1999, there were still 120 million primary-school-age children not in school, three-quarters of whom lived in South Asia or Africa. The UNDP's Human Development Report concludes that across developing regions, more than 80% of children are enrolled in primary school. Yet some 115 million children do not attend primary school, three-fifth of them girls. Enrolments are woefully low in Sub-Saharan Africa (57%) and South Asia (84%). In India 40 million children are not in primary school, more than a third of the world's total.

Moreover, enrolment does not mean completion. Just over half the children who start primary school finish it —and in Sub-Saharan Africa, just one in three. Approximately 80 developing countries have built a sufficient number of schools to place all of their primary school-age children, but only about 27 retain most of their students through to completion. Since 1990, 17 developing countries have seen completion rates stagnate or decline. Reflecting these shortcomings, one-quarter of adults in the developing world cannot read or write. And of the world's 879 million illiterate adults, two-thirds are women.

Financing education

In most poor countries the provision of basic education is highly inequitable, with the poorest 20% of people receiving much less than 20% of public spending —while the richest 20% capture much more.

In addition, primary education receives much less financing per student than secondary and higher education. This pattern also discriminates against poor people because they benefit much more from basic education.

Rich countries rarely spend less than 4.0% of GDP on public education. According to the United Nations Children's Fund, achieving universal primary enrolment (not completion) in developing and transition countries by 2015 would cost another \$9 billion a year. That estimate includes additional capital cost requirements as well as needs to improve schooling quality — and is more than four times what donors now spend, as well as far more than current government spending.

Developing countries performing well on education devote more resources to primary education (averaging 1.7% of GDP) than do countries with average performance (1.4%). High-performing countries also spend more on primary education relative to their per capita incomes. And they allocate less of their education budgets to higher education. Unless things improve, it will take Sub-Saharan Africa until 2129 to achieve universal primary education.

According to a recent UNESCO/OECD study investing in secondary and tertiary education — and not just primary education — pays rich dividends. The study on 16 emerging countries finds that investments in human capital over the past two decades may have accounted for about half a percentage point in the annual growth rates of those countries. However, the study also finds, that access to secondary and tertiary education — the key to building a skilled and knowledge-based workforce — is progressing slowly. In 1960, adults in the surveyed countries had spent an average of 3.4 years in school. By 2000, this had climbed to 7.6, almost three years short of the 10.2 years in the rich economies of the OECD member states. At this rate of progress, it will take another 30 years for some of these countries to reach current OECD levels.

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 - *OECD/UNESCO, Financing Education – Investments and Returns, Analysis of the World Education Indicators, 2002* (www.unesco.org)
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II. 5. Health

The Millennium Declaration resolved to halt the spread of human immunodeficiency virus/acquired immune deficiency syndrome (HIV/AIDS), malaria, and other major diseases, and begin to reverse their incidence, by 2015.

HIV/AIDS

AIDS is having a devastating impact in developing countries, especially in Africa. Major breakthroughs in prevention are needed in the next few years if there is to be any hope of stabilizing, let alone reversing, the epidemic by 2015. Around the world 42 million people are living with HIV/AIDS, 39 million of them in developing countries. So far, about 20 million people have died from the disease; it has left 13 million orphans under the age of 15 in its wake. This number is projected to double by 2010. Approximately 3 million people died of AIDS-related causes in 2001. AIDS is the leading cause of death in Africa and the fourth-leading cause of death worldwide. In 2001, approximately five million people were newly infected with the virus.

But HIV/AIDS destroys more than lives. By killing and incapacitating adults in the prime of their lives, it can throw development off course. HIV/AIDS is crippling parts of Africa — about 1 in 3 (or more) adults is infected in Botswana, Lesotho, Swaziland and Zimbabwe, 1 in 5 in Namibia, South Africa and Zambia and more than 1 in 20 in 19 other countries. . It is estimated that per capita growth in half of the countries in Sub-Saharan Africa is falling by 0.5%-1.2% each year as a direct result of AIDS. By 2010, per capita GDP in some of the hardest-hit countries may drop by 8% and per capita consumption may fall even farther. Health care systems in many countries are overwhelmed by a growing number of HIV/AIDS patients.

Though Sub-Saharan Africa accounts for nearly 70% of HIV/AIDS cases, the epidemic is causing considerable damage in other regions. Almost 0.5 million people are infected in the Caribbean, 1.2 million in East Asia, 1.2 million in Eastern Europe and the CIS, 1.5 million in Latin America and 6.0 million in South Asia.

The vast majority of people living with HIV/AIDS in the developing world do not have access to treatment, as a result of limited health care infrastructures and the high cost of many medications. It has been estimated that a total of US\$7-10 billion a year is needed from all sources to address the HIV/AIDS epidemic in low and middle-income countries.

Tuberculosis

Tuberculosis is the main cause of death from a single infectious agent among adults in developing countries causing up to 2 million deaths a year. Over 250,000 children die every year of TB. Over the past decade its incidence has grown rapidly in several regions. Based on present trends there will be about 10 million new cases in 2005.

Low- and lower-middle-income countries (those with an annual GNP per capita of less than US\$2,995) account for more than 90% of TB cases and deaths. The regions most affected by TB include Southeast Asia (with an estimated three million new cases of TB each year) Eastern Europe (TB deaths are increasing after almost 40 years of steady decline) and Sub-Saharan Africa (more than 1.5 million TB cases occur in Sub-Saharan Africa each year; this number is rising rapidly, largely due to high prevalence of HIV). TB is estimated to deplete the incomes of the world's poorest communities by a total of US\$12 billion

TB infection can be prevented, treated and contained. The World Health Organization recommends a strategy for detection and cure called DOTS. DOTS combines five elements: political commitment, microscopy services, drug supplies, surveillance and monitoring systems, and use of highly efficacious regimes with direct observation of treatment. Drugs for DOTS can cost only US\$10 per person for the full treatment course (six to eight months). DOTS is successful and has a success rate of up to 80% in the poorest countries, prevents new infections by curing infectious patients. It has been estimated that the gap is US\$300 million a year to address the TB epidemic in low and middle-income countries.

Malaria

Malaria is endemic in more than 100 countries and affects

approximately 300 million people each year. Each year, malaria causes at least one million deaths and an additional 300 to 500 million clinical cases, the majority of which occur in the world's poorest countries. The number of people dying from Malaria could double in the next 20 years.

More than 41% of the world's population is at risk of acquiring malaria, and the proportion increases yearly due to deteriorating health systems, growing drug and insecticide resistance, climate change, and war. Prompt and effective treatment of malaria can reduce death rates by 50%. According to 1997 estimates, the total direct and indirect costs of malaria in Sub-Saharan Africa exceed \$2 billion. According to the report of the Commission on Macroeconomics and Health, up to US\$2 billion will be needed each year to achieve the goal of halving the burden of malaria by 2010. Currently, only US\$600 million is being spent.

Global Fund to Fight AIDS, Tuberculosis and Malaria

The Global Fund to Fight AIDS, Tuberculosis and Malaria is an independent, public-private partnership established in 2002 that is working to attract significant new resources to fight AIDS, tuberculosis and malaria, and to innovatively manage and disburse these funds to effective prevention and treatment programs in countries with greatest need. In its first two rounds of grant applications, the Global Fund approved grants worth US\$ 1.5 billion over two years to more than 150 programs in 92 countries. In overall pledges, the Evian Summit increased pledges to the Global Fund to an additional US\$ 1.2 billion; only 23% of the Global Fund's needs through 2004 are met so far. Through 2004, US\$ 2.6 billion has been pledged to the Fund, with an additional US\$ 2.1 billion pledged for 2005 to 2008. An additional US\$ 3 billion is required to fund its next three rounds of approved grant applications.

Child Mortality

Of the measurable health goals, the world is farther from achieving the one for child mortality—a two-thirds reduction by 2015—than any other. Every year more than 10 million children die of preventable illnesses—30,000 a day. For the child mortality goal, where progress has been steady, at the current pace Sub-Saharan Africa will not reduce child mortality by two-thirds until 150 years later than the date set by the Goal.

Eradicating Polio

Today, Polio has been eliminated from most of the world, and only seven countries worldwide remain polio-endemic. The areas of transmission are more concentrated than ever - 98 percent of all global cases are found in India, Nigeria and Pakistan. According to the WHO, the aim of wiping out polio by 2005 is still achievable, although polio had flared up unexpectedly in India last year. In 2002 there were 1,900 cases of polio worldwide; so far this year there have been just 235 and the number is falling month by month. From the end of August to December, the key endemic countries will conduct mass immunization campaigns aimed at reaching a total of 175 million children. Success in eradicating polio depends on the success of these campaigns in India, Nigeria, Pakistan and Egypt. At the moment, there is a funding gap of US\$ 210 million for Polio eradication activities through 2005. According to WHO officials, for the first time this century, there is a possibility of eradicating a terrible disease from our planet.

Containment of SARS

The severe acute respiratory syndrome, or SARS, is the first severe and readily transmissible new disease to emerge in the 21st century. The first cases of SARS are now known to have emerged in mid-November 2002 in Guangdong Province, China. In early March, the World Health Organization (WHO) issued a global alert about SARS. Over the next few months, the illness spread to more than two dozen countries in North America, South America, Europe and Asia. By late July, however, no new cases were being reported and the illness was considered contained. According to WHO, 8437 people worldwide became ill with SARS during the course of this outbreak. Of those people who became ill, 813 died. SARS demonstrates dramatically the global havoc that can be wreaked by a newly emerging infectious disease. It also showed the importance of the WHO.

G8 Action Plan Health

On the occasion of their summit in Evian in June 2003, G8 leaders adopted a Health Action Plan. They came to the conclusion that health systems in poor countries are severely underfunded. Every high-income OECD country spends at least 5% of its GDP on public health care. But few developing countries achieve that share – and in

most it is less than half that. G8 leaders emphasized the importance of strengthening health systems as a framework for increasing access of the neediest populations of developing countries to health care, drugs and treatments. They declared that they wish to facilitate the availability of discounted medicines for the poorest. They agreed to seek ways to support worldwide the development of research on health technologies for prevention, control, treatment and cure of diseases affecting mostly developing countries (“neglected diseases”). Furthermore, they agreed that they want to fully eradicate polio and want to work together to contain SARS.

Funds needed

The World Health’s Organization’s Commission on Macroeconomics and Health estimates that an increase in donor assistance for health to \$35 billion a year by 2015 (from \$5 billion a year in 2001), if properly invested in high-priority areas and if accompanied by greater health spending by the countries themselves, would avert 8 million deaths a year, with economic benefits in the order of \$360 billion a year.

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 - *World Health Organization, Severe acute respiratory syndrome (SARS)* (www.who.int)
 - *G8 Summit in Evian June 2003, Health – a G8 Action Plan* (www.g8.fr)
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II. 6. Relief services in case of natural disasters

Weather related shocks are a challenge for the poorest countries generally. According to the Intergovernmental Panel on Climate Change, the costs of ordinary and extreme weather events have increased rapidly in recent decades. Global economic losses from catastrophic events increased 10.3 fold from 3.9 billion US\$ per year in the 1950s to 40 billion US\$ per year in the 1990s, with approximately one-quarter of the losses occurring in developing countries. The insured portion of these losses rose from a negligible level to 9.2 billion US\$ per year during the same period. Total costs are a factor of two larger when losses from smaller, non-catastrophic weather-related events are included.

The costs of weather events have risen rapidly despite significant and increasing efforts to fortifying infrastructure and enhancing disaster preparedness. Part of the observed upward trend in disaster losses over the past 50 years is linked to socio-economic factors such as population growth, increased wealth, and urbanization in vulnerable areas, and part is linked to climatic factors such as the observed changes in precipitation and flooding events. Precise attribution is complex and there are differences in the balance of these two causes by region and type of event.

Climate Change and anticipated changes in weather-related events would place upward pressure on insurance premiums and/or could lead to certain risks being reclassified as uninsurable with subsequent withdrawal of coverage. Such changes would trigger increased insurance costs, slow the expansion of financial services into developing countries, reduce the availability of insurance for spreading risk, and increase the demand for government-funded compensation following natural disasters. In the event of such changes, the relative role of public and private entities in providing insurance and risk management resources can be expected to change.

The effects of climate change are expected to be greatest in the developing world, especially in countries reliant on primary production as a major source of income. Some countries experience impacts on their GDP as a consequence of natural disasters, with damages as high as half of GDP in one case. Equity issues and development constraints

would arise if weather-related risks become uninsurable, prices increase, or availability becomes limited. Conversely, more extensive access to insurance and more widespread introduction of microfinancing schemes and development banking would increase the ability of developing countries to adapt to climate change. At their summit in Evian, G8 leaders welcomed the efforts underway by the World Bank Group to examine the potential for effective market-based mechanisms to help mitigate weather and commodity shocks in developing countries

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II. 7. Climate Change

Scientific research proves our planet to be threatened by severe environmental pollution. Global environmental problems are caused directly or indirectly by human activities worldwide and they have global effects. Therefore, they call for international strategies and cooperation of all states if they are to be solved. The well-being of humanity depends upon preserving a healthy biosphere. But the integrity of creation is also a question of intergenerational equity.

Climate Change is one of these global environmental problems that needs to be resolved also in the interest of future generations. According to scientists, the earth's climate is changing. Especially, burning fossil fuels – and to a lesser but important extent, deforestation and other land use practices – release CO₂ and other greenhouse gases (GHGs). Of the approximately 28.2 billion tons of annual CO₂ emissions, 23.1 billion are from energy and other industrial sources. The remaining 5.1 billion tons come from tropical deforestation. GHGs trap heat, changing climate in complex ways, with widespread impacts. Over the past century, mean global surface temperature has increased by 0.4° to 0.8° Celsius. According to the Intergovernmental on Climate Change (IPCC), GHGs released by human action are likely to have been

responsible for most of the warming of the past 50 years. Sea levels rose 10 to 20 centimeters over the past century.

Scientists warn, that the consequences of climate change can include geographic shifts in the occurrence of different species and/or the extinction of species. Changes in rainfall patterns will put pressure on water resources in many regions, which will in turn affect both drinking water supplies and irrigation. Climate change could increase the frequency of extreme weather events and floods with their well-known economic costs and human suffering. Warm seasons could become dryer in most mid-latitude continental interiors, increasing the frequency of droughts and land degradation. This will be particularly serious for areas where land degradation, desertification and droughts are already severe. Developing countries will suffer particularly, and tropical diseases will extend their geographic range. Globally, the 1990s were the warmest decade since 1861.

In rich countries per capita carbon dioxide emissions are 12.4 tons – while in middle-income countries they are 3.2 tons in low-income countries, 1.0 ton. But impacts of climate change will fall especially heavily on many developing countries, including those that have not contributed to climate change. They are physically vulnerable. Climate-sensitive agriculture bulks large in their economies. And they have less institutional capacity to adapt to change. Low-lying islands and coastal areas everywhere will be exposed to flooding and storm damage. As coastal populations swell worldwide, a 40-centimeter rise in the sea level would increase the number of coastal dwellers at risk of annual flooding by 75 to 206 million – 90 percent of them in Africa and Asia.

The Kyoto Protocol

The United Nations Framework Convention on Climate Change (UNFCCC) and the Kyoto Protocol provide the only international framework for combating climate change. In 1997, the industrialized countries agreed to reduce their emissions of greenhouse gases on average by 5.2% below the 1990 levels during the first commitment period from 2008 to 2012. The Kyoto Protocol sets no emission targets for developing countries. International negotiations on a second commitment period under the Kyoto Protocol after 2012 are to start in 2005.

The commitments will become legally binding once the Kyoto Protocol enters into force. The rules for entry into force of the Kyoto Protocol require 55 Parties to the Convention to ratify the Protocol including Annex I Parties accounting for 55% of that group's carbon dioxide emissions in 1990 (Art.25 KP). On 12 August 2003, 113 countries had ratified the Kyoto Protocol accounting for 44.2% of the necessary 55% of Annex I carbon dioxide emissions in 1990. If Russia would ratify the Kyoto Protocol, accounting for 17.4% of the carbon dioxide emissions of Annex I countries in 1990, the Protocol could enter into force. The United States, that have withdrawn from the Kyoto Protocol, account for 36.1% of Annex I countries' emissions in 1990.

The United Nations Framework Convention on Climate Change and the Kyoto Protocol are only first, but important steps to protect the Earth's atmosphere. They require more efforts as well as constant universal support by all actors. Their ultimate success will depend on the political will to implement them effectively.

European Emissions Trading System

On July 22, 2003, the European Parliament and on 22 July the Council adopted a directive establishing a European emissions trading system. The EU scheme will be the first multi-national emissions trading scheme in the world and is considered a forerunner of the international emissions trading scheme under the Kyoto Protocol. Emissions trading will start in 2005 and cover the Member States of the enlarged European Union.

Under the EU emissions trading scheme, the EU Member States will set limits on CO₂ emissions from energy-intensive companies (approximately 10,000 steel factories, power plants, oil refineries, paper mills, and glass and cement installations) by issuing allowances as to how much CO₂ these companies are allowed to emit. Reductions below the limits will be tradable. It is estimated that the companies currently participating in the scheme account for almost half of the EU's total CO₂ emissions

Sources of information:

- *Intergovernmental Panel on Climate Change* (www.ipcc.ch)
 - *World Bank, World Development Report 2003* (www.worldbank.org)
 - *United Nations Framework Convention on Climate Change* (www.unfccc.int)
 - *European Commission* (www.europa.eu.int)
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II. 8. Ozone Layer

In 1985, scientists identified a thinning of the ozone layer over the Antarctic during the spring months that became known as the “ozone hole”. The scientific evidence shows that human-made chemicals are responsible for the creation of the Antarctic ozone hole and are also likely to play a role in global ozone losses. The Vienna Convention (1985) was followed by the Montreal Protocol in 1987 that imposed obligations on developed countries to reduce the use of ozone-depleting substances. By 1990 the London Protocol to the Vienna Convention took effect. Under this protocol, developing countries agreed to take on obligations, with a grace period, and developed countries underwrote a trust fund to assist them. More than \$1.3 billion have been committed to help developing countries. In November 2002, negotiators from some 140 governments have adopted a \$573 million funding package to halve the consumption and production in developing countries of CFCs - the leading destroyer of the stratospheric ozone layer - by the year 2005.

The Montreal Protocol has been successful in slowing and reversing the increase of ozone-depleting gases in the atmosphere. The stratospheric abundance of ozone-depleting chlorine compounds was now at or near its peak and was expected to decrease, thanks to efforts made under the Protocol. There had been an overall drop in production and consumption of ozone-depleting substances (ODS) by approximately 90 per cent.

If the nations of the world continue to follow the provisions of the Montreal Protocol, the decrease will continue throughout the 21st century. Some individual gases such as halons and hydrochlorofluorocarbons (HCFCs) are still increasing in the atmosphere, but will begin to decrease in the next decades if compliance with the Protocol continues. By mid-century, the effective abundance of ozone-depleting gases should fall to values present before the Antarctic “ozone hole” began to form in the early 1980s. Recovery of the ozone layer was expected by the middle of the twenty-first century, something that would not be possible to achieve before 2100 without the Protocol. The rate of recovery would be influenced by levels of greenhouse gases and climate change.

Sources of information:

- *United Nations Environment Programme* (www.unep.org)
- *World Bank, World Development Report 2003* (www.worldbank.org)

II. 9. Biological Diversity

Another global environmental problem is the threat to biological diversity. A global satellite survey estimated a pan tropical gross deforestation rate of 0.52 percent annually over 1990-2000, or 9.2 million hectares a year, an area the size of Portugal. Coral reefs are being lost to bleaching, pollution and destructive fishing. A worldwide bleaching event in 1998, associated with El Nino, harmed 16 percent of the world's coral reefs, with possibly half damaged irreversibly. Another 32 percent are thought to be threatened over the next 30 years, and 11 percent have already been lost. Three-quarters of all fish stocks are being exploited at or above their sustainable limits. Total harvest from capture fisheries have leveled off or declined. Some fisheries, such as the Northwest Atlantic cod, have completely collapsed. In others, depletion of prized predatory fish have led to shifts in ecosystem structure. Almost 15 million square kilometers of ocean bottom have been scraped by ocean trawlers, possibly causing long-lasting damage to bottom-dwelling species.

The aim of protecting biodiversity is to make sure that a representative selection of the diverse range of genes, organisms, and ecosystems survives the current onslaught of habitat loss, invasions of alien species, overexploitation, pollution and climate change. For economic but also for ethical reasons it has to be ensured that future generations can benefit from biodiversity. Poor societies may be unable, by themselves, to finance the option values of ecosystem conservation.

Convention on Biological Diversity

The Convention on Biological Diversity (CBD) is the international framework for the protection of biological diversity. It entered into force on 29 December 1993. To date, 186 countries have ratified the Convention. The three objectives of the CBD are to promote "the conservation of biological diversity, the sustainable use of its components, and the fair and equitable sharing of benefits arising out of the utilization of genetic resources."

Cartagena Protocol enters into force

Article 19.3 of the CBD provides for Parties to consider the need for and modalities of a protocol setting out procedures in the field of the

safe transfer, handling and use of living modified organisms (LMOs) that may have an adverse effect on biodiversity and its components. In everyday usage LMOs are usually considered to be the same as GMOs (genetically modified organisms).

In January 2000, the Cartagena Protocol on Biosafety was agreed. This protocol makes the international trade in GMOs more transparent while introducing safety measures. It deals primarily with GMOs that are to be intentionally introduced into the environment (such as seeds, trees or fish) and with genetically modified farm commodities (such as corn and grain used for food, animal feed or processing). The Cartagena Protocol establishes an advance informed agreement (AIA) procedure for imports of GMOs for intentional introduction into the environment, and also incorporates the precautionary principle and mechanisms for risk assessment and risk management. The Protocol further establishes a Biosafety Clearing-House (BCH) to facilitate information exchange, and contains provisions on capacity building and financial resources with special attention to developing countries and those with domestic regulatory systems.

The Protocol will enter into force on 11 September 2003, 90 days from the submission of the 50th instrument of ratification. The Pacific Island State of Palau ratified on 13 June 2003, triggering the countdown to the entry into force of the Protocol. At the date of entry into force, certain provisions will take effect immediately. These include: the obligation for prior notification of the first shipment to an importing country that is Party to the Protocol under the Advance Informed Agreement procedure; the obligation for Parties to the Protocol to use the Biosafety Clearing-House; and the clear identification in the accompanying documentation of all shipments containing LMOs.

Recognizing the potential trade implications of the agreement, the drafters of the Cartagena Protocol made an effort to ensure that its provisions and those of the World Trade Organization are mutually supportive. The Protocol states that its provisions are intended neither to override nor to be subordinate to existing international agreements.

Implementation by the European Community

On 22 July, the Council of Ministers of the EU formally adopted

two new regulations on traceability and labeling of GMOs, and on GM food and feed, completing the EU's legislation on GMOs. The regulation on traceability and labeling will require business operators to transmit and retain information at each stage of the placing on the market of GM products. The industry will therefore have to ensure that systems are in place to identify to whom and from whom GM products are made available. The new labeling requirements cover all foods consisting of or containing GMOs, foods produced from GMOs irrespective of whether there is DNA or protein of GM origin in the final product, as well as GM feed. The presence of GM material in conventional food and feed does not have to be labeled if it is lower than 0.9%.

The regulations put forward a single procedure for the authorization of GMOs and GM food in the EU, with a scientific risk assessment carried out by the European Food Safety Authority. Member States will be allowed to take appropriate measures to avoid the unintended presence of GMOs in other products. The new legislation will enter into force 20 days after its publication in the Official Journal of the EU. While the European Commission has repeatedly said that the de facto moratorium would be lifted once the regulations entered into force, it remains unclear whether the US and others would drop their WTO challenge even if approvals resumed. US farm organizations and trade officials criticized the regulations

Critical Ecosystem Partnership Fund

More than 60% of terrestrial species are found in 25 countries on just over 1% of Earth's land surface. These biodiversity hotspots face extreme threats that have already caused a 70% loss of their original vegetation. On 25 February 2003, the Critical Ecosystem Partnership Fund (CEPF) has been launched with the aim to create a US\$150 million fund to address environmental hotspots around the world. A joint initiative of the World Bank, Conservation International, the Global Environment Facility (GEF), The John D. and Catherine T. MacArthur Foundation and the Japanese government, the Fund has already contributed \$2 million to the "Building a Global Constituency for Biodiversity Conservation" project. The project helps to protect endangered species and create new reserves and environmental legislation in more than 30 countries.

Human Genome Map Completed

On 13 April 2003, scientists from the Human Genome Project announced that they had decoded nearly 100% of the human genome structure, almost two years ahead of schedule. This accomplishment signifies that almost three billion letters of genetic codes in the human DNA structure have been identified. From June 2000, 97% of the human DNA information had been decoded and made freely available to scientists on the Internet. However, scientists and the pharmaceutical industry are still facing the challenge of moving from identifying a malfunctioning gene, to being able to do something about it.

Sources of information:

- *Convention on Biological Diversity; Cartagena Protocol on Biosafety* (www.biodiv.org)
 - *European Commission* (www.europa.eu.int)
 - *World Bank* (www.worldbank.org)
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II. 10. Desertification and drought

Desertification is a worldwide problem directly affecting 250 million people and a third of the earth's land surface or over 4 billion hectares. In addition, the livelihoods of some one billion people who depend on land for most of their needs and usually the world's poorest in over one hundred countries are threatened.

The Convention to Combat Desertification (UNCCD) is the first and only internationally legally binding framework set up to address the problem of desertification and recurring droughts. It was adopted in Paris on 17 June 1994 and entered into force in December 1996. It now has 187 country Parties to the Convention, making it truly global in reach. National Action Programs are at the heart of the Convention and constitute the conceptual and legal framework for implementing it at the national and local levels. Their purpose is to identify the factors contributing to desertification and the practical measures necessary to combat desertification and mitigate the effects of drought.

The Convention is now evolving from preparation of National Action Programs to their implementation. But the implementation of

the Convention has been hampered especially due to lack of predictable financial resources. Therefore, the decision of COP-6 in Havana, Cuba from 25 August to 6 September 2003 to designate the Global Environment Facility as financial mechanism of the CCD is of special importance. Land degradation will now be the fifth focal area of the Global Environment Facility (GEF), a multi-billion dollar global environment fund.

Sources of information:

- *Convention to Combat Desertification* (www.unccd.int)
 - *International Institute for Sustainable Development, Earth Negotiation Bulletin* (www.iisd.ca)
-

II. 11. Forests

There are an estimated 3 870 million ha of forest worldwide, of which almost 95 percent are natural forests and 5 percent are forest plantations. Tropical deforestation and degradation of forests in many parts of the world are negatively affecting the availability of forest goods and services. While forest area in developed countries has stabilized and is slightly increasing overall, deforestation has continued in developing countries. The estimated net annual change in forest area worldwide during the past decade (1990-2000) was -9.4 million ha; representing the difference between the estimated annual rate of deforestation of 14.6 million ha and the estimated annual rate of forest area increase of 5.2 million ha.

Certification of forests

The certification of forest products, although still somewhat controversial, has been gaining acceptance. Interest has been greatest in major importing countries (i.e. Western Europe and the United States) and in exporting countries whose main markets are in those areas. The area of certified forests continues to increase and is now estimated to be roughly 90 million ha. Nonetheless, this represents only about 2 percent of the world's forest area and, notably, most certified forests are located in a limited number of temperate countries, not in tropical countries for which concern about unsustainable timber harvesting practices is greatest.

International fora for the protection of forests

Forests were among the most controversial issues considered during preparations for the United Nations Conference on Environment and Development (UNCED) in 1992. Some delegates from developed countries desired a forest treaty, but the North-South polarization on the issue only permitted agreement on the “Non-legally Binding Authoritative Statement of Principles for a Global Consensus on the Management, Conservation and Sustainable Development of All Types of Forests,” also known as the “**Forest Principles**”.

In order to advance beyond the agreements made at the Rio Conference, intergovernmental deliberation continued, first under the **Intergovernmental Panel on Forests** (IPF) from 1995 to 1997 and then under the **Intergovernmental Forum on Forests** (IFF) from 1997 to 2000. In October 2000, countries agreed to an international arrangement on forests, including the establishment of the **United Nations Forum on Forests** (UNFF). UNFF’s mandate is to promote the sustainable management, conservation and development of all types of forest, to strengthen long-term political commitment and to promote the implementation of the proposals for action agreed on by IPF and IFF. UNFF-3 convened from 26 May - 6 June 2003, at the Palais des Nations in Geneva, Switzerland. UNFF-3 adopted six resolutions on: enhanced cooperation and policy and program coordination; forest health and productivity; economic aspects of forests; maintaining forest cover to meet present and future needs; the UNFF Trust Fund; and strengthening the Secretariat.

The **International Tropical Timber Agreement** has the objective to provide an effective framework for cooperation and consultation between countries producing and consuming tropical timber, to promote the expansion and diversification of international trade in tropical timber and the improvement of structural conditions in the tropical timber market, to encourage the development of national policies for the sustainable utilization and conservation of tropical forests and their genetic resources, and to maintain the ecological balance in the regions concerned.

The ITTA was adopted in 1983 and entered into force on 1 April 1985. The Agreement was renegotiated in 1993-1994. The Successor

Agreement was adopted in 1994 and entered into force in 1997. The ITTA, 1994 was extended until 31 December 2003. In May 2003, the negotiations for a successor agreement to ITTA 1994 started. There was general consensus that: the successor agreement should remain a commodity agreement. ITTA 1994 should be the basis for the negotiations.

The 1990s have been instrumental in terms of defining a common global vision for the future of forests and their relation to people's lives, including reaching agreements on how to progress towards that vision, developing technologies and tools to facilitate the process, and clarifying the related costs and benefits. The groundwork has been laid, but realizing the vision of sustainable management, conservation and development of the world's forests will depend on the ability to finance and share equitably the costs and benefits of sustainable forest management, continued and strengthened political commitment, and the translation of political commitment into effective action on the ground.

Sources of information:

- *Food and Agriculture Organization of the United Nations, State of the World's Forests 2001* (www.fao.org)
 - *International Institute for Sustainable Development* (www.iisd.org)
-

II. 12. Water

According to the Human Development Report 2003, 1.2 billion people are without access to freshwater and 2.4 billion people lack proper sanitation. Moreover, some 3 million die each year from diseases caused by unsafe water. Asia contains 65% of the population without safe water, and Africa 28%. For sanitation Asia contains 80% of the unserved population, and Africa 13%. There were some positive developments during the 1990s: about 438 million people in developing countries gained access to safe water, and about 542 million in urban areas gained access to proper sanitation. But due to rapid population growth, the number of urban dwellers lacking access to safe water increased by nearly 62 million.

In the major cities of Europe and North America more than 90% of households are connected to piped water and sewers. But in the rest of the world the situation is very different. If adequate sanitation is taken

to mean a toilet connected to a sewer, there is a significant lack of adequate sanitation throughout the developing world—even in large cities. And sanitation coverage is much worse than water coverage in every region. In the 1990s the number of children killed by diarrhea—the result of unsafe water and sanitation—exceeded the number of people killed in armed conflicts since the Second World War.

Projections for the future

About 1.7 billion people, a third of the developing world's population, live in countries facing water stress (defined as countries that consume more than 20% of their renewable water supply each year). If current trends persist, this number could increase to 5.0 billion people by 2025.

Global water supply is expected to decline by a third in the next 20 years and political inertia will worsen the problem, states the first edition of the “World Water Development Report” a new UN report involving 23 UN agencies and other entities to provide a comprehensive view of today's water problems and to offer wide-ranging recommendations for meeting future water demand. The report notes that water resources will decline as a result of population growth, pollution and climate change, and implicates poor governance and a lack of political will to manage water resources effectively in the water crisis. A worst-case scenario projects 7 billion people in 60 countries experiencing water shortages in 2050, while a more positive projection shows 2 billion people in 48 countries living in water scarcity by the same time.

Money needed

Michel Camdessus, the former managing director of the International Monetary Fund, stressed the importance of clean water during the meeting of the Committee on World Food Security in Rome in May 2003. According to Camdessus an increase of \$100 billion a year is needed to bring safe water to the 1.1 billion people who now do without. He asserted the most important thing developing countries can do is to have a water policy and urged developing countries to report publicly on how they intend to achieve the Millennium Development Goals (MDG).

Some steps forward

The **3rd World Water Forum** that took place in Kyoto from 16-23 March 2003 stressed the importance of good governance to face the global water challenges. In addressing the challenge of balancing increasing human requirements for adequate water supplies and improved health and sanitation with food production, transportation, energy, environmental needs, most countries will require more effective governance, improved capacity and adequate financing. Good governance requires effective and accountable socio-political and administrative systems adopting an integrated water resources management approach with transparent and participatory processes that address ecological and human needs. According to the World Water Forum, primary responsibility rests with governments to make water a priority by adopting sector strategies and plans that recognize the principle of secured access to water and sanitation for all human beings.

Other key issues discussed at the World Water Forum were the need for capacity building, education and access to information, the financing problem and the need for participation of all stakeholders. According to some participants, developing and transitional countries will require \$180 billion annually in order to produce global water security over the next 25 years.

The Ministerial Declaration adopted at the end of the World Water Forum emphasized that water is a driving force for sustainable development. According to this declaration, Ministers should ensure good governance with a stronger focus on community-based approaches. It affirms that Ministers are committed, in the long term, to fortify capacity with assistance from the international community.

At the G8 summit in Evian, water issues were high on the agenda, as well. To reach the Millennium development goals for water, the problems to be addressed are governance, capacity building and financing. The **G8 water action plan** adopted at the summit aims at encouraging good governance in the water sector through enhanced technical assistance. It seeks to diversify financial sources and mechanisms in order to increase the overall volume of financial flows invested in the sector. Promoting good governance, utilizing all financial

resources, building infrastructure by empowering local authorities and communities, strengthening monitoring, assessment and research and reinforcing the engagement of international organizations are specifically highlighted.

The **Global Environment Facility** (GEF) has announced plans to contribute US\$400 million to address critical global water problems over the next four years, bringing the international environmental financial organization's total investment for water issues to more than \$1.37 billion. The GEF works with 139 countries on projects to strengthen the integrated management of land and water resources that are critical to ecosystem health, poverty reduction, and sustainable development. A total of \$974 million committed by GEF over the past twelve years has leveraged \$2.1 billion in co-financing from other sources for water-related projects.

In its effort to meet the Millennium Development Goal of halving poverty by 2015, the World Bank's Board of Directors has recently endorsed a **Water Resources Strategy** aimed at sustainable development and poverty alleviation. Currently, about 16% of all the Bank's lending is dedicated to water, and this percentage is projected to grow over the next three years. The Bank also states that a key element of the new strategy is its intent to transform water from a potential source of conflict to a catalyst for economic integration and cooperation at all levels – from villages to international river basins.

In a bid to raise awareness and action to manage and protect the world's clean water resources, the United Nations has declared **2003 as the International Year of Freshwater**.

Marine resources

Around the world, fish stocks are being depleted because of unrestricted, highly advanced fish harvesting. Overfishing occurs in Asia, parts of Africa and Latin America and many small island countries—with overfishing by local residents often aggravated by fishing fleets from rich countries. According to the United Nations Food and Agriculture Organization, more than a quarter of the world's fisheries are overexploited or depleted.

Global subsidies for fishing are conservatively estimated at \$10 –15 billion a year —about a quarter of the annual \$56 billion trade in fish. These loans, tax incentives and direct payments often support distant fleets that are too large given available fish stocks. The United States provides about \$400,000 a boat to help its fishers catch tuna in the South Pacific. In 1996 the European Union spent \$252 million — a third of its budget for fisheries —on access agreements for its fleets to fish in distant waters. The European Union also continues to spend more on harmful subsidies —such as to build new boats or modernize old ones (1.2 billion euros in 2000 –06 from EU and national budgets)—than on efforts to reduce fishing (1.1 billion euros). According to the World Bank, only 5% of fishing subsidies have a positive environmental aim. Most reduce fish stocks and hurt marine ecosystems.

In advance of the 25th session of the United Nations' Food and Agricultural Organization's Committee on Fisheries (COFI) meeting, over 400 experts have called on the United Nations to issue a ban on industrial fishing methods that are destroying fish populations, turtles, marine mammals and other marine species. Despite scientific data proving the collapse of fisheries worldwide, many destructive fishing methods are still practiced. Approximately one quarter of the world's fish catch is discarded back in the sea, primarily because fishing gear cannot distinguish between target catch and other species.

Tanker safety and protection of the marine environment

Also in reaction to the sinking of the “Prestige” in November 2002, G8 leaders adopted an action plan on “Marine Environment and Tanker Safety” at their summit in Evian. They pointed out, that the fisheries sector alone is the main source of protein for one billion people as well as a major provider of livelihoods: it provides some 5-10% of the world's food supply. G8 leaders were concerned about the growing pressure on the marine environment, the decline in marine biodiversity and the depletion of fish stocks and the use of Flags of Convenience as a means to avoid management conservation measures.

G8-leaders agreed to work towards sustainable fisheries and marine conservation. They declared that they are committed to the ratification or acceding to and implementation of the United Nations

Convention on the Law of the Sea, which provides the overall legal framework for oceans, to the urgent restoration and maintenance of fish stocks, the ratification and effective implementation of inter alia the Fish Stocks Agreement, to address the lack of effective flag State control of fishing vessels, in particular those flying Flags of Convenience and to establish ecosystem networks of marine protected areas, consistent with international law and based on scientific information by 2012 in their own waters and regions.

Furthermore, they agreed to take all necessary and appropriate steps to strengthen international maritime safety. They agreed to introduce as a first step a voluntary model audit scheme with the aim of enhancing the responsibilities of flag States for the effective implementation and control of IMO instruments and to enhance supervision over recognized organizations authorized by flag States and to establish mandatory pilotage in narrow, restricted and congested waters. The G-8 pledged to accelerate the end of the use of single-hulled tankers, which have been involved in disastrous oil spills, such as the “Prestige” accident that took place off the coast of Spain in 2002.

Sources of information:

- *United Nations Development Program, Human Development Report 2003* (www.undp.org)
 - *World Water Development Report* (www.unesco.org)
 - *Food and Agriculture Organization of the United Nations, Committee on World Food Security* (www.fao.org)
 - *World Water Forum* (www.world.water-forum3.com)
 - *Global Environmental Facility* (www.gefweb.org)
 - *World Bank* (www.worldbank.org)
 - *United Nations* (www.un.org)
 - *G8 Summit in Evian June 2003, Water – A G8 action plan; Marine Environment and Tanker Safety – A G8 Action Plan* (www.g8.fr)
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II. 13. Technology transfer and capacity building

In recent decades technological breakthroughs have dramatically increased technology's potential to improve people's lives. There is enormous scope for rich countries to channel technological innovations in ways that advance human development, reversing the neglect of poor people's needs. Though the 1980s saw limited poverty reduction and stagnant economic growth in most of the developing world, child deaths were cut due to technological interventions: immunisations and oral rehydration therapy. In agriculture, too, investments in research and development have shown exceptionally high returns. Sharing the fruits of scientific and technological progress is one of the most important ways that rich countries can help poor countries fight poverty.

In many areas relevant to achieving the Millennium Development Goals, the solution is to diffuse existing technologies. Agricultural output in Sub-Saharan Africa, for instance, has been bedevilled by low productivity, even though high-yielding varieties are available for maize, rice and wheat. Nor have high-yielding varieties been developed for the grains consumed most by poor people, such as sorghum and millet. Part of the problem is the low commercial availability and high prices of inorganic fertilizer. Another is the limited use of organic fertilizer, despite the ease of making it from local resources. Ways are needed to provide available technologies to people who need them most. In poor countries this will often require significantly strengthening institutional capacities for technological cooperation.

Lack of research funding for diseases occurring especially in developing countries

For some sectors the lack of research funding is a serious problem. In 1990 the World Health Organisation's Commission on Health Research and Development found that only 10% of spending on health research and development is directed at the health problems of 90% of the world's people. This has not changed. Together tropical diseases and tuberculosis accounted for 11% of the global disease burden in 1999. Yet of 1,393 new drugs approved between 1975 and 1999, only 16—just over 1%—were specifically developed for these ailments.

Pharmaceutical companies and rich countries account for 93% of global spending on health research and development. Poor countries and poor people's diseases mean little in market terms because developing countries account for less than 2% of the market for major pharmaceutical products. As a result poor countries benefit from global investments in research only when they suffer from diseases also prevailing in rich countries —as with HIV/AIDS. Even then, poor countries are unable to share in the fruits of such research due to high prices —maintained with the help of patents, as with those for retroviral drugs for HIV/AIDS. International efforts need to be mobilised to address the need for drugs for tropical diseases.

G8- Action Plan on “Science and Technology for Sustainable Development”

At their summit in Evian, G8 leaders adopted an action plan on “Science and Technology for Sustainable Development”. They recognized the need to support the development of cleaner, sustainable and more efficient technologies. They pointed out that co-operative scientific research on transformational technologies offers potential to improve public health by cutting pollution and reduce greenhouse gas emissions to address the challenge of global climate change. They agreed to focus on three areas: the strengthening of international cooperation on global observation, the promotion of energy efficiency of all sources and the promotion of the conservation and sustainable use of genetic resources for food and agriculture. They agreed to help developing countries improve their agricultural productivity in a sustainable manner and to promote sustainable agricultural technologies and practices, including the safe use of biotechnologies among interested countries, that contribute to preventing famine, enhancing nutrition, improving productivity, conserving water and other natural resources, reducing the application of chemicals, improving human health and preserving biodiversity.

Trade related technical assistance

Technical assistance (TA) and capacity building (CB) are among the key foundations on which consensual support for the Doha mandates rests. The Doha Ministerial Declaration has, for the first time in the history of the multilateral trading system, introduced a binding

mandate for WTO Members to examine the relationship between trade and technology transfer. To this end, ministers established a Working Group on Trade and Transfer of Technology (WGTT), open to all Members, to operate within the permanent structure of the WTO.

The Doha Development Agenda Trust Fund, which relies on voluntary contributions to finance technical assistance activities, was established in December 2001. Members pledged more than 21.5 million Swiss francs (about US\$15.7 million) to the Fund in 2002. About CHF 4.5 million have been pledged for 2003. The Trust Fund's success will not only depend on the amount of money or number of activities available, but also on the appropriate nature and the quality of technical assistance provided.

Sources of information:

- *United Nations Development Programme, Human Development Report 2003* (www.undp.org).
- *G8 Summit in Evian June 2003, Science and Technology for Sustainable Development - a G8 Action Plan* (www.g8.fr)
- *International Institute for Sustainable Development, Doha Round Briefing Series* (www.iisd.org)

III. Establishing a stronger system of global governance

It is evident, that global problems need global solutions. Global governance should provide the capacity of effective and legitimate political decision-making at the global level through international institutions and structure of co-operation and coordination. A stronger system of global governance can only be built with the active help and cooperation of the many actors. Together these actors form a network that can drive global governance.

III. 1. Churches and other religions

Among these actors are the churches and other religions. They can contribute to better global governance by informing themselves and their followers about the global challenges and encouraging them to take up their responsibilities. During the last months, global governance was an issue in the ecumenical and inter-religious dialogue. Only a very few examples within the Roman Catholic Church can be mentioned here. They show how churches and other religions can contribute to a better understanding of the challenges of global governance. However, still a lot remains to be done. Churches and other religions are invited to continue and strengthen their efforts.

In May 2003, the **Pontifical Academy of Social Sciences** focused for the third time on the issue of “The Governance of Globalisation”. The Holy Father has shown a keen interest in this subject and has often insisted on its importance.

In France one year ago, eight Christian associations and movements established the “**Assises Chrétiennes de la Mondialisation**” (ACM). The “Assises Chrétiennes de la Mondialisation” try to create a moral ecumenical forum with the aim of giving Christian testimony in the public discussions. They wish to contribute to better inform people on the issue of globalisation, to allow different people from different parts of the world to meet and to exchange their views, to confront Christian hope with the reality of the world and to support their conviction.

tion that the humanisation of globalisations a responsibility which we all share. After having had 40 regional events, the ACM decided not to have a major final conference, but instead to meet in a smaller synodal assembly in January 2004 in Lyon followed by a collective event in 2005. Despite the differences it is hoped to create a permanent form of horizontal cooperation for the different associations and movements.

From 28th May to 1st June 2003 the Ecumenical Kirchentag took place in Berlin. After several decades of alternating events – in one year a “Katholikentag” organised by Catholics and in the next a “Evangelischer Kirchentag” by Protestants – the first Ecumenical Kirchentag was designed to be a high-profile place of joint witness in Germany and to make it clear that what Protestant and Catholic Christians have in common in questions of faith is stronger and more significant than that which separates them. Topics covered were the responsibility of Christians within the state and politics, in the economy and working for a just social order, in science, in culture and the media. The Ecumenical Kirchentag also offered space for dialogue between Christians and people of other faiths or other convictions. In the united struggle for justice, peace and the sustainable integrity of creation, and also in effective protection of the weak, Christians want to be recognised as a force in society, making a real contribution, together with others, to the shaping of the world.

In May 2003, the Committee of German Catholics (Zentralkomitee der deutschen Katholiken) issued a declaration entitled “**International financial markets – justice requires rules**”. It takes a stand on fundamental issues relating to international financial integration and puts forward several criteria for acting in the interests of the common good in this important field of modern economic life. These criteria are guided by standards in Christian social teaching with particular reference to markets, politics, law and ethics. Their purpose is to allow as many people as possible to benefit from the markets’ advantages and to ensure that the negative effects, especially those for the lowest social strata in the developing countries are avoided.

Sources of Information:

- *Pontifical Academy of Social Sciences* (www.vatican.va)
 - *Assises Chrétiennes de la Mondialisation* (www.acm2004.org)
 - *Oekumenischer Kirchentag* (www.oekt.de)
 - *Committee of German Catholics* (www.zdk.de)
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III. 2. Non-governmental organisations, movements and associations

Non-governmental organizations, movements and associations played an active role in the discussion on globalization during the last months. They may monitor and echo developments at the international level and develop proposals. It still needs to be underlined that non-violence, transparency and accountability have to be principles of their operation. They need to respect the democratic political process and act accordingly. Among the many diverse events and contributions of the different non-governmental organizations, movements and associations only one shall be mentioned here.

From Jan. 23 to Jan. 27, 2003, over 100,000 people from 156 countries, representing over 5,000 organizations, gathered at the third World Social Forum in Porto Alegre, Brazil under the slogan: "Another World Is Possible". According to its own description, the World Social Forum is an open meeting place where diverse social movements, networks, NGOs and other civil society organizations opposed to neo-liberalism and a world dominated by capital or by any form of imperialism come together to pursue their thinking, to debate ideas democratically, to formulate proposals, share their experiences freely and network for effective action. Since the first world encounter in 2001 organized as an opposition to the World Economic Forum of Davos, it has taken the form of a permanent world process. During the WSF, there were approximately 1,700 sessions and workshops. Topics ranged from corporate misconduct to the Third World debt, the war on Iraq, the FTAA, the environment, women, HIV/AIDS, and the landless and reparation struggles. This year, tens of thousands demonstrated both at the opening ceremonies and in a special action against the Free Trade Area of the Americas. Both protests also demanded that the U.S. not go to war against Iraq. The presence of the new Brazilian president, Luiz Inacio Lula da Silva, along with President Hugo Chavez of Venezuela, electrified the participants. He said he would go to Davos to tell people there that it is not possible to continue with an economic system where a few eat five times a day while many spend five days without eating on the planet Earth.

Sources of Information:

- *World Social Forum* (www.portoalegre2003.org)
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III. 3. Multinational Companies

Multinational Companies are important actors in the world of today. The guidelines published by Organisation for Economic Cooperation and Development (OECD) as an internationally agreed “code of conduct” as well as the “Global Compact”, proposed by the Secretary General of the United Nations in 1999, are very valuable tools to promote better corporate governance.

In June 2003 in Evian, G-8 leaders made clear in their declaration **“Fostering Growth and Promoting a Responsible Market Economy”**, that restoring investor confidence through sound corporate governance, as well as corporate structures and market intermediaries that are more accountable, is essential to promoting growth in the economies. They encouraged the many initiatives underway, in national capitals, international financial institutions and by international standard-setting bodies, to strengthen governance standards and disclosure regimes. They reaffirmed that companies must be accountable to their shareholders. They strongly supported the on-going review of the OECD Principles and the implementation of the International Organisation of Securities Commission (IOSCO) principles relating to corporate governance.

Consistent with the outcomes of the World Summit on Sustainable Development, G-8 leaders supported voluntary efforts to enhance corporate social and environmental responsibility as well as voluntary initiatives by companies that promote corporate social and environmental responsibility, such as the OECD Guidelines for Multinational Enterprises and the UN Global Compact principles consistent with their economic interest. They encouraged companies to work with other parties to complement and foster the implementation of existing instruments, such as the OECD guidelines and the ILO 1998 Declarations on Fundamental Principles and Rights at work.

Chaired by the European Commission the **European Multi-Stakeholder Forum on Corporate Social Responsibility** (CSR EMS Forum) brings together European representative organisations of employers, business networks, trade unions and NGOs, to promote innovation, convergence, and transparency in existing CSR practices and

tools. In July 2003, the EU Multi Stakeholder Forum on CSR met for its 3rd High Level Meeting.

The aim of the CSR EMS Forum is to foster corporate social responsibility and to promote innovation, transparency and convergence of CSR practices and instruments through improving knowledge about the relationship between CSR and sustainable development by facilitating the exchange of experience and practices and bringing together existing CSR instruments and initiatives with a special emphasis on SME specific aspects and through exploring the appropriateness of establishing common guiding principles, practices and instruments, taking into account existing EU initiatives and legislation and internationally agreed instruments such as the OECD Guidelines for multinational enterprises, Council of Europe Social Charter, ILO core labour conventions and the International Bill of Human Rights.

Sources of Information:

- *G8 Summit in Evian June 2003, Fostering Growth and Promoting a Responsible Market Economy – A G8 Declaration (www.g8.fr)*
 - *European Multi-Stakeholder Forum on Corporate Social Responsibility (www.europa.int)*
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III. 4. Nation States

Nations states are very important actors towards a system of better global governance. Global governance implies that nations states pay more attention to the international impact of their domestic policies, respect their global obligations and accept the basic principles of multi-lateralism. Domestic economic policy must more than ever take into account its potential worldwide impact. National governments must voice their support for the position taken in the executive bodies of the international organizations. More coherence and convergence is needed at the national level in view of the country's international engagements. Policy coherence is crucial at the domestic and international levels. The foundation for international economic policy coherence lies at the national level. Effective coordination is indispensable among the ministries of finance, trade, development cooperation and foreign affairs. Instructions to country representatives to the United Nations, the

Bretton Woods institutions and WTO should be consistent with the commitments in the United Nations Millennium Declaration, the Doha Ministerial Declaration, the Monterrey Consensus and the Johannesburg Plan of Implementation.

Sources of information:

- *Special high-level meeting of ECOSOC with the Bretton Woods institutions and the World Trade Organisation (www.un.org)*
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III. 5. International Organisations

One step towards closer cooperation among key international institutions was the special **high-level meeting of the Economic and Social Council with the Bretton Woods institutions and the World Trade Organisation** (WTO) in April 2003. The theme of the meeting was “Increased coherence, coordination and cooperation for the implementation of the Monterrey Consensus of the International Conference on Financing for Development at all levels one year after the Conference”. At the meeting the need for increased coherence on a priority basis in certain areas was underlined. A number of participants pointed out that there was progress towards increased coherence. The current meeting was a testimony to that. The United Nations, the Bretton Woods institutions and WTO shared a common purpose and cooperative work on the Millennium Development Goals and the follow-up to the Monterrey Consensus has intensified. In that context, it was mentioned that the PRSP approach — a key instrument for policy coherence in low-income countries — had become a common denominator among multilateral institutions.

The Secretary General underlined in his address to the ECOSOC meeting, that “policy coherence is how governments, institutions and non-governmental participants can best pull together the many distinct strands of economic policy into a clear framework for action that promotes development; and how they can work together – not against each other – in fulfilling the commitments made at Monterrey.”

Sources of information:

- *Special high-level meeting of ECOSOC with the Bretton Woods institutions and the World Trade Organisation (www.un.org)*
-

III. 6. Regional agreements

After the disappointing results of the Cancún Ministerial Conference, some countries have stressed the importance of regional trade agreements. Regional agreements in general can be important instruments to deal with the challenges of globalisation and must be included in a system of global governance; they cannot replace international institutions with a global outreach.

So far the year 2003 has seen some important developments with regard to regional agreements; only a few of them can be mentioned here.

On the European level the **Convention on the Future of Europe** has submitted a draft treaty establishing a Constitution for Europe. The treaty tries to delimit and clarify competences, to simplify the Union's instruments and procedures and to enhance the democratic nature of the Union especially by expanding the role of the European Parliament. To enable the Union's central institutions to adapt to the enlargement the Convention tried to strengthen all three, while retaining the balance between them. According to the draft treaty, the European Union shall have a single legal personality. The draft treaty incorporates the Charter of Fundamental Rights proclaimed at the Nice European Council.

Of great importance is the fact, that the text invokes Europe's religious inheritance explicitly as one of the sources of inspiration for this Constitution. The Preamble recognises that "the cultural, religious and humanist inheritance of Europe has embedded within the life of society its perception of the central role of the human person and his inviolable and inalienable rights". However, an inclusive reference to the contribution of Christianity, without which Europe would not be what it is today, as well as a reference to God as a guarantee for the freedom and dignity of the human person should be included without discriminating against anyone. The draft treaty guarantees the European Union's respect for the status of Churches and religious communities in the Member States based on their different constitutional traditions. The provision for open, transparent and regular dialogue reflects the specific contribution of churches and religious communities, distinct from secular authority, to European society as a whole.

In 2003, the largest **European enlargement** process ever in terms of scope and diversity has moved forward. 10 countries - namely Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, the Slovak Republic, and Slovenia – wish to join the European Union. The accession treaty was signed in Athens on April 16th 2003, and these new member states will join the EU on 1 May 2004, once the accession treaty is ratified. Ratification in 9 of the 10 acceding countries will follow popular referenda (Cyprus ratified the treaty according to its domestic procedures on 14th July 2003). On 20 September 2003, Latvia voted “yes” to EU membership in its accession referendum. Thereby, it completed the full series of endorsement by the ten acceding states and thus paved the way for the enlargement of the EU. No popular referenda are foreseen in the existing member states of the European Union on the accession treaty. Ratification follows the constitutional procedure in each member state.

The **African Union** as Africa’s premier institution and principal organisation for the promotion of accelerated socio-economic integration and of peace, security and stability on the continent as a prerequisite for the implementation of the development and integration agenda held its Summit in Maputo, Mozambique, in 12 July 2003. In March 2003, the Memorandum of Understanding of the African Peer Review Mechanism (APRM) has been signed by the heads of state of the member states of the African Union participating in the APRM. The **African Peer Review Mechanism** is crucial to the success of the New Partnership for Africa’s Development (**NEPAD**) as a major regional initiative. The APRM is an instrument to evaluate the progress in the partner countries. 15 states have already accepted the Peer Review Mechanism. Ghana and Uganda have volunteered to submit themselves first to the peer review process.

In June 2003, Argentine President Nestor Kirchner and Brazilian President Luiz Inacio Lula da Silva launched a new initiative to revitalise the Southern Cone Common Market, a trade bloc known by its Spanish language acronym Mercosur. They pledged to create quickly a **Mercosur** parliament, and a joint monetary institute that would work toward an eventual common currency. Mercosur is the fourth biggest economic grouping in the world after NAFTA, the EU and Japan (representing 205 million inhabitants and with a GDP of nearly \$ 900 billion). While trade among Mercosur members — Argentina, Brazil, Paraguay, and Uruguay

— has quadrupled since the bloc was founded in 1991, it has fallen since 1998 and intra-Mercosur trade still amounts to only a fifth of its members' total trade. If instituted, the reforms would introduce revolutionary changes: Mercosur would get a regional parliament; it would expand to include other Latin American countries, notably Peru and Venezuela; and it would negotiate as a single body in the U.S.-led initiative to form a Free Trade Area of the Americas (FTAA).

In February 2003, the United States announced an offer to eliminate tariffs and trade barriers in the negotiations for the Free **Trade Area of the Americas**, a \$13 trillion market of 34 countries and nearly 800 million people. The U.S. is offering to eliminate its import duties on the majority of industrial and agricultural imports from the Western Hemisphere immediately upon entry into force of the FTAA, and is offering broad access to its services, investment and government procurement sectors. In addition, the U.S. is offering that textiles and apparel imports from the region would be duty-free in the U.S. just five years after the FTAA takes effect, provided other countries reciprocate. The U.S. offer only extends to those FTAA countries that put their own offers on the table. The United States and other FTAA countries will respond to each other's initial offers and begin negotiations in preparation for the Miami Ministerial meeting in November. The U.S. offers provide different rates of reductions in trade barriers throughout the region. In 1994, the Heads of State and Government of the 34 democracies in the region agreed to construct a Free Trade Area of the Americas, or FTAA, in which barriers to trade and investment will be progressively eliminated, and to complete negotiations for the agreement by 2005.

On 2 July 2003, China and Hong Kong signed a free trade agreement. The **Closer Economic Partnership Arrangement (CEPA)** will eliminate import tariffs on many goods made in the territory and is expected to save its exporters billions of Hong Kong dollars. 273 kinds of Hong-Kong origin goods would enjoy zero tariffs in the China market and thousands more products will enjoy zero tariffs in 2006. CEPA is China's first free trade deal and covers a range of items and industries

Sources of Information:

- *European Convention* (www.european-convention.eu.int) • *European Commission* (www.europa.eu.int) • *African Union* (www.africa-union.org) • *Mercosur* (www.mercosur.org) • *Free Trade Area of the Americas* (www.ftaa-alca.org)
- *Closer Economic Partnership Arrangement* (www.tid.gov)

III.7. World Trade Organisation (WTO)

According to the Doha Development Agenda, the Fifth Ministerial Conference of the WTO was intended to take stock of progress in international trade negotiations, to provide necessary political guidance, and to take decisions as necessary. Thus, it was supposed to be an important step towards the implementation of the Doha Development Agenda that shall be concluded not later than 1 January 2005.

Despite these commitments, the **Cancún Ministerial Conference** ended with disappointing results on 14 September 2003. Chairperson Luis Ernesto Derbez concluded that despite considerable movement in consultations, members remained entrenched, particularly on the “Singapore” issues, trade and investment, trade and competition policy, transparency in government procurement and trade facilitation. A six-paragraph ministerial statement instructs member governments’ officials “to continue working on outstanding issues with a renewed sense of urgency and purpose and taking fully into account all the views we have expressed in this Conference.” The ministers asked the General Council Chairman and the WTO Director-General, to coordinate this work and to convene a meeting of the General Council at senior officials level no later than 15 December 2003 to take necessary action.

According to Supachai Panitchpakdi, the Director-General of the WTO, the deadlock at Cancún was a setback. The disappointing ministerial conference will have many ramifications, but sadly the most significant of them will be its impact on poor countries. If the Doha Development Agenda fails, the losers will be the poor of the world, he said. The future of trade issues of potential benefit to developing countries such as market-opening in manufactured products, services and agriculture, are uncertain because of lack of agreement at Cancun. He added that he would immediately look for ways to move the WTO process forward.

Panitchpakdi said that, at the ministerial conference in Cancún, an initiative to phase out cotton subsidies was advanced and indeed widely supported. The proposal for improving the situation of cotton farmers in West Africa did not go as far as governments in that region wanted, but the fact remains that this issue was on the agenda, and once something is

on the agenda it can be improved upon. The same goes for the progress that was made here on agriculture. Many developing countries thought the work done here had moved the negotiations in a very positive direction, not as far as they wanted perhaps, but in a system when all decisions are taken by consensus members must be realistic about the political concerns of their trading partners.

According to Kipkorir Aly Azad Rana, the Deputy Director-General of the World Trade Organisation, one reason for a lack of agreement at Cancún was that a large group of developing countries felt that many of the developed countries were unwilling to do enough to free up agriculture trade, in particular through the reduction of subsidies. Another source of developing country concern were the proposals for extending negotiations to investment, competition policy, transparency in government procurement, and trade facilitation. For their part, developed countries argued that the developing countries should be willing to do more to open their own markets.

After the Cancún conference not only the ability of the industrialised and the developing countries to find compromises in difficult political negotiations stands in question but also the suitability and efficiency of the decision-making process of the WTO. Whether the contributions of all NGO's to the Cancún were always responsible and in the interest of the countries they proclaimed to advocate has to be questioned as well. The importance of market-opening in agriculture for developing countries should not be underestimated; the industrialised countries have to show their willingness to implement the agreed Doha Development Agenda in order not to disturb the credibility of fair international trade negotiations.

However, the Cancún conference gave evidence that all member countries including the new members Cambodia and Nepal as the first least-developed countries to accede to the WTO believe that, in general, they will benefit from open international trade and that the WTO is the apt forum for these negotiations.

It is to be expected that the proliferation of bilateral and regional (trade) agreements will continue after the breakdown of the Cancún

conference. If regional agreements do not discriminate unduly against third parties they may contribute to liberalisation. But they run the risk to weaken the multilateral framework of the WTO. In this light, regional agreements are only second best. This is especially true for developing countries and their concerns in view of difficult global issues such as agriculture as they are often put aside in regional agreements. Concluding transatlantic trade agreements might promote transatlantic cooperation, but have to be carefully designed in order not to weaken the WTO.

Difficult negotiations before the Cancún Conference

Already before the conference in Cancún WTO member governments failed to agree on a framework for future agriculture trade reform on 31 March 2003. According to the Doha Development Agenda “modalities” in agriculture negotiations had to be established by 31 March 2003.

On 30 August 2003, WTO member governments broke their deadlock over intellectual property protection and public health. They agreed on legal changes that will make it easier for poorer countries to import cheaper generics made under compulsory licensing if they are unable to manufacture the medicines themselves. The decision settles the one remaining piece of unfinished business on intellectual property and health that was left over from the WTO Ministerial Conference in Doha in November 2001. The agreement allows any member country to export pharmaceutical products made under compulsory licences within the terms set out in the decision. All WTO member countries are eligible to import under this decision, but 23 developed countries are listed in the decision as announcing voluntarily that they will not use the system to import.

Instruments of protection

According to the UNDP’s Human Development Report 2003 protection in most rich countries remains extremely high, through a variety of instruments:

- *Tariffs.* Most rich countries apply higher tariffs to agricultural goods and simple manufactures —the very goods that developing countries produce and can export. In agriculture, the tariffs of OECD countries are heavily biased against low-priced farm products produced by

developing countries. Tariffs against developing country manufactures also remain high. In the 1990s the average OECD tariff on manufactured goods from the developing world was 3.4%, more than four times the average of 0.8% on OECD manufactures. Moreover, the Uruguay Round did not change peak tariffs (those above 15%) on many developing country exports —60% of the imports from developing countries by Canada, the European Union, Japan and the United States were subject to peak tariffs. The poorest countries often also face tariff escalation —higher tariffs if they try to process their exports rather than simply export primary products.

- *Quotas.* Import quotas are a more extreme version of the same policy. Rather than just making developing country products less competitive, quotas do not allow those products beyond a certain volume to compete at all. OECD countries subject imports to a wide variety of quotas, particularly for clothing and footwear — labour-intensive products in which developing countries would have a comparative advantage. Quotas on clothing and textiles are to be phased out by 2005. But in 2002 quotas still governed most of the same clothing products covering quotas in the late 1980s. This lack of progress raises doubts about the seriousness of OECD countries to meet their 2005 commitments.
- *Export subsidies.* Another way rich countries tilt the playing field for trade seems, on its face, to have little to do with trade. Rich countries, to varying degrees, pay large subsidies to their domestic food producers. These subsidies are so large —totalling \$311 billion a year —that they affect world market prices of agricultural goods, causing direct harm to poor countries. EU-subsidised exports have contributed to the decline of the dairy industries in Brazil and Jamaica and the sugar industry in South Africa. West African cotton producers have increased the efficiency of their cotton sector, achieving competitive production costs. But they cannot compete against subsidised farmers in rich countries. Indeed, OECD per capita subsidies for cows and cotton bolls are considerably higher than OECD per capita aid for Sub-Saharan Africa. Annual agricultural subsidies in rich countries considerably exceed the national income of all of Sub-Saharan Africa. At the 2001 World Trade Organisation (WTO) conference in Doha, Qatar, countries agreed to the eventual elimination of agricultural export subsidies —though no timeframe was set.

Trade initiatives by G8 countries

A number of significant trade initiatives have been taken including the European Union's "Everything But Arms"; the United States' "African Growth and Opportunity Act" (AGOA); Canada's opening of its markets, tariffs and quota-free, to almost all imports from the Least Developed Countries (LDCs) effective 1 January 2003; Japan's improved duty and quota-free treatment for almost all imports from LDCs by expanding the coverage on agricultural and fishery products; and the granting by Russia of extensive tariff preferences to developing countries including LDCs.

In addition, the G8 gives significant support for trade-related capacity building in Africa including US\$345 million by the U.S. and €373 million by the EU alone within the last two years. These programmes are complemented by support for sub-regional activities in trade facilitation (customs modernisation, norms and standards), such as the €293 million provided by the European Union alone earmarked for regional trade and integration for sub-Saharan Africa under the 9th EDF.

World Trade Report 2003

On August 14, 2003 the WTO Secretariat launched the first edition of the World Trade Report, a new annual publication produced by the WTO Secretariat. The WTR will explore trends in world trade and highlight important issues in the world trading system. The central focus of this year's report is development. There are two sections to the report. The first section titled "Trade and Trade Policy Developments" focuses on developments in South-South trade, trends in non-oil commodity markets, and the growth of regional trade agreements. The second section titled "Trade and Development" starts with a brief discussion of development and the relationship between trade and development, and goes on to analyse in depth how the Doha Development Agenda can contribute to growth and development in developing countries.

Sources of Information:

- *World Trade Organisation* (www.wto.org)
 - *United Nations Development Programme* (www.undp.org)
 - *G8 Summit in Evian* (www.g8.fr)
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III. 8. Foreign Direct Investment

One reason, why consensus was not reached at the Cancún Ministerial Conference was the disagreement on the Singapore issues. The Doha Ministerial Declaration provides mandates for investment, competition policy, transparency in government procurement and trade facilitation: negotiations will “take place after the fifth Session of the Ministerial Conference on the basis of a decision to be taken, by explicit consensus, at that Session on modalities of negotiations.” However, many developing countries were unconvinced of the necessity or value of negotiating multilateral rules on these issues.

Fair international rules for the treatment of foreign direct investment (FDI) would be also in the interest of developing countries. The WTO could be the appropriate place for negotiations on basic principles.

Sources of Information:

- *World Trade Organisation* (www.wto.org)
 - *International Institute for Sustainable Development* (www.iisd.org)
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III. 9. Competition Rules

With regard to the interaction between trade and competition policy, a multilateral framework could enhance the contribution of competition policy to international trade and development. Consensus should be reached on the core principles needed for competition rules including transparency, non-discrimination and procedural fairness, and on provisions on hardcore cartels. The developing countries should be supported in their efforts to shape domestic anti-trust legislation and administration.”

Sources of Information:

- *World Trade Organisation* (www.wto.org)
 - *International Institute for Sustainable Development* (www.iisd.org)
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III. 10. The International Monetary Fund (IMF) and the World Bank

The Heavily Indebted Poor Countries Initiative (HIPC) launched by the International Monetary Fund and the World Bank in 1996, is progressing but not at a very fast pace.

Status quo of the Heavily Indebted Poor Countries Initiative (HIPC)

By early 2003 the HIPC initiative had benefited 26 countries. In April 2003, 18 HIPCs had reached the decision point, meaning that they will begin to benefit from debt service relief, and 8 had reached the completion point (Benin, Bolivia, Burkina Faso, Mali, Mauritania, Mozambique, Tanzania, Uganda), meaning that some of their debt has been forgiven. For these countries debt service declined from \$3.7 billion in 1998 to \$2.2 billion in 2001, or from 17.5% of exports to 9.8%. Annual debt service payments will be one-third (about \$1.2 billion) lower in 2001–05 than in 1998–99.

Nevertheless, in addition to debt relief, fiscal discipline and sustained economic growth are critical for achieving debt sustainability. Unfortunately, many countries in the interim period are taking longer than envisaged to reach the completion point, due mainly to the difficulties in implementation their macroeconomic programs. Attaining macroeconomic stability, satisfactorily implementing PRSPs, and meeting other social and structural completion point triggers are critical to realising the objectives of the HIPC Initiative. Good governance practices require the concerted and continued efforts of both country authorities and the international community

According to the original schedule of the HIPC initiative, 19 countries should have reached their completion points by now, not 8. Achieving the Goals will require additional resources—at least \$50 billion a year in addition to domestically mobilised resources. There is also concern that the HIPC initiative will not be adequate for countries to escape their debt traps. Of the eight countries that have reached their completion points, two have returned to a ratio of net present value of debt to exports above 150%—the threshold considered sustainable under the initiative.

Several countries could adopt programs of adjustment and reform supported by the Fund and IDA before the sunset clause takes effect at the end of 2004. However, bringing the remaining countries to the decision point would be challenging, as most of these countries are affected by conflict, and a number of them have substantial arrears to official creditors. The idea has been raised that the sunset clause would need to be re-examined to ensure that countries moving toward HIPC debt relief, but not yet eligible for it, are not penalised, and to avoid a rush for countries to participate before 2004 at the expense of solid progress in key areas. Creditor participation in the Initiative has to be increased, including publicly identifying those creditors not participating in the Initiative. There remains much to be done: not only for more countries to benefit, but also to ensure that countries' debt burdens are really sustainable.

Facts on HIPC:

The Heavily Indebted Poor Countries (HIPC) initiative, launched in 1996 by the International Monetary Fund (IMF) and the World Bank and endorsed by 180 governments, has two main objectives. The first is to relieve certain low-income countries of their unsustainable debt to donors. The second is to promote reform and sound policies for growth, human development and poverty reduction. The enhanced HIPC framework, approved in 1999, introduces broader eligibility criteria and increases debt relief. To be eligible, countries must be eligible for highly concessional assistance such as from the World Bank's International Development Association and the IMF's Poverty Reduction and Growth Facility. In addition, countries must face unsustainable debt even after the full application of traditional debt relief mechanisms. They must also have a proven track record in implementing strategies focused on reducing poverty and building the foundations for sustainable economic growth.

The Initiative involves two stages. The first stage is a three-year period during which a HIPC country works in coordination with, and with the support of, the World Bank and IMF to establish a record of implementing economic reforms and poverty reducing policies. Particular focus is placed on developing a comprehensive poverty reduction strategy prepared by the government with support from the Bank, Fund and others. At the end of this three-year period, the country reaches its decision

point, where it is determined whether its debt level is sustainable. For those countries whose debt burden remains unsustainable, a package of debt relief is prepared and committed to by creditors. While interim debt relief by the Paris Club and some multilaterals such as the World Bank is provided between the decision point and completion point, countries receive their full package of debt relief once it has implemented a set of key, pre-defined structural reforms. This approach—called a “floating completion point”—replaces the fixed three-year performance period of the original framework, and will enable countries to meet ambitious policy targets early and accelerate the release of debt relief.

The enhanced framework marks a dramatic expansion of the existing framework. The cost (and therefore debt relief provided) under the new framework has more than doubled. The projected \$55 billion in debt relief over time will be divided roughly in half between bilateral and multilateral creditors. The World Bank is expected to provide nearly \$11 billion of this debt relief.

World Bank

According to the James D. Wolfensohn, President of the World Bank Group, the World Bank Group now has more than 2500 staff in the field-to become closer to the clients. The World Bank is speeding up project preparation time. Success rates in the projects have risen— from 71 percent in 1995 to 85 percent in 2002. Policy performance and good governance are now priorities in the country dialogues. The World Bank is driving hard on AIDS, education, and water, and is expanding its efforts in basic infrastructure. Working with the IMF and the HIPC partners, \$52 billion in debt relief is provided to 27 low-income countries. But the World Bank also tries to respond to the needs of middle-income countries, where many of the world’s poor people live. The World Bank is leveraging technology, with over 100 of its offices connected through satellite.

The other members of the Bank Group family also are making progress: IFC is encouraging private sector investment in small and medium enterprises - including in Africa — and introducing new approaches like carbon emissions trading. MIGA has continued to increase its focus on low-income countries - last year over half of its guarantees were in IDA-eligible nations.

International Monetary Fund (IMF)

According to Horst Köhler, Managing Director of the International Monetary Fund, strengthened and effective IMF surveillance is essential to enhancing crisis prevention and promoting stability and sustained global growth. There has been widespread support for the IMF to remain fully engaged with its low-income members and in its work on post-conflict countries. With the PRSP process, there exists an agreed framework to make progress toward the Millennium Development Goals. But with a view to conflicting objectives, striving for balance is necessary while realising that often difficult choices are faced.

Sources of Information:

- *World Bank* (www.worldbank.org)
 - *International Monetary Fund* (www.imf.org)
 - *United Nations Development Programme* (www.undp.org)
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III. 11. International Labour Organisation (ILO)

The International Labour Organisation (ILO) established the World Commission on the Social Dimension of Globalization in February 2002. The aims of the Commission are to identify policies for globalization which reduce poverty, foster growth, employment and development in open economies, and widen opportunities for decent work, to identify policies which can make globalization more inclusive, in ways which are acceptable and seen to be fair to all, both between and within countries, and to assist the international community forge greater policy coherence in order to advance both economic and social goals in the global economy. A major objective of the Commission is to respond to the need for an integrated policy framework, which advances both economic and social goals in the global economy. The Commission's report is expected to be released by late 2003.

Source of Information:

- *International Labour Organisation* (www.ilo.org)
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III. 14. World Environment Organization

Strengthening international environmental governance remains of high importance. An increased coordination among international institutions as well as a strong central environmental body is needed. A new World Environment Organization (WEO) could articulate environmental concerns in an audible, credible and effective manner and promote coherent and consistent decisions on the international level. It could also contribute to monitoring international environmental developments and thus contribute to ensure compliance with agreed commitments.

III. 15. Global Governance Group (3 G)

International developments in 2003 have shown some good signs of better global governance. However, more coherence, co-ordination and arbitration among international institutions remains necessary. A Global Governance Group (G 3) could link all countries in a structure that is both sufficiently restricted and legitimate. It could hold an annual summit on economic, social and environmental issues and make decisions on the basis of consensus. Its members would have to tackle major problems and issues and provide responses to the key issues of global governance.

With the introduction of the “enlarged dialogue” at the summit of the G8 leaders in Evian a step towards broader participation was taken. The G8 met a group of leaders from 11 developing countries: China, India, Brazil and Mexico, as major players; Nigeria, South Africa, Algeria, Senegal and Egypt, as the NEPAD Steering Committee; Malaysia and Saudi Arabia. Switzerland was present, as a reward for its close co-operation in summit organisation; Morocco was invited but did not attend; the heads of the UN, IMF, World Bank and WTO were also there. No statement was issued from this meeting; rather the “enlarged dialogue” was an informal meeting on questions of globalisation and international governance. Another meeting followed between the G8 and the Africans. This was in fact the fourth time the G8 had met African leaders, starting in Okinawa in 2000. Being a forum for discussions with broader participation on the issues of globalisation the “enlarged dialogue” could

contribute to strengthen global governance if it becomes a regular part of G8 summits.

With a set of core values and principles as a formation, an active network of actors can create a stronger system of global governance with a Global Governance Group as a possible keystone. This system of global governance has to address the two main challenges of our times: to preserve the environment for the generations that will follow us and to offer more and better opportunities to the poorest.

Source of Information: G8 Summit in Evian in June 2003 (www.g8.fr)

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September 2003*

Global Governance Assessment 2003 List of Recommendations

In September 2001, an ad-hoc Group on Global Governance appointed by the Commission of the Bishop's Conferences of the European Community (COMECE) submitted the report "Global Governance – our responsibility to make globalisation an opportunity for all" with the aim of outlining proposals to ensure an effective system of global governance. This report was followed by an update one year later.

The following list of recommendation summarises the proposals included in this report. These recommendations serve as the basis of an evaluation of the current state of global governance in the Global Governance Assessment 2003.

I. A fundamental set of values and principles as the basis for global governance

1. Real progress in global governance is only possible if global governance itself is guided by a **fundamental set of values and principles** which people around the world could accept. Core values are, among others, the respect for human dignity, the pursuit of solidarity and social justice, and the principles of subsidiarity, greater coherence, truthfulness, transparency and accountability.
2. All actors in society have the **responsibility for the global common good**. A stronger sense of world citizenship as well as the emergence of public opinion with a more global view are needed.

II. Effective measures to reduce poverty and to protect the global environment

1. It is the prime responsibility of every country to ensure **sound economic, social and environmental conditions** and to put in place domestic policies aimed at effective poverty reduction. They will not ultimately be sustainable if patent inequality and poverty are left unaddressed. This includes dealing with widespread corruption, crime and money laundering.
2. The industrialised countries are far from reaching their **objective of 0.7 percent of GNP** for their total official development aid (ODA).
3. Appropriate international support is needed in order to achieve the internationally agreed objective to **halve the number of people living in extreme poverty by 2015** compared to 1990 levels.
4. In all countries it is the less skilled who are more likely to be in poverty rather than those with the required **education** and skills. We underline the importance of the goal to ensure that by the year 2015 children everywhere, boys and girls alike, will be able to complete a full course of primary schooling and have equal access to all levels of education.
5. Access to **basic health services** needs to be provided universally. The international battle against the spreading of AIDS/HIV, tuberculosis and malaria and the reduction of child mortality has to be an integral part of poverty reduction strategies as well as the improvement of maternal health.
6. In case of **natural disasters**, efficient access to relief services as well as sufficient help for reconstruction are needed. Access to insurance against **natural disaster** helps to avoid poverty.
7. To protect the global atmosphere against climate change by reducing the emissions of greenhouse gases worldwide, the Framework Convention on **Climate Change** and the Kyoto Protocol are only first, limited international steps. They require more efforts as well as constant universal support by all actors. Their ultimate success will depend on the political will to implement them effectively.
8. The Convention for the Protection of the **Ozone Layer**, together with the Montreal Protocol are important international instruments to stop the depletion of the ozone layer. Their implementation needs to be guaranteed further on.

9. The Convention on **Biological Diversity** together with the Cartagena Protocol are not able to protect biological diversity sufficiently; future negotiations will have to correspond and answer adequately to the importance and urgency of this global environmental problem.
10. **Desertification and drought** have been recognised as problems with a global dimension, but are not addressed effectively at present.
11. Our **forests** are endangered, but lack a coherent framework for international action so far.
12. Water quality degradation and overexploitation of marine resources threaten **international waters**. Fresh drinking water is a scarce resource, that is urgently needed by many people in the world.
13. In order to be able to integrate environmental aspects into their national development strategies and to develop sustainably, developing countries need **financial and technological assistance**.

III. A stronger system of global governance

1. **Churches and other religions** are invited to inform themselves and their followers about the global challenges and to encourage them to take up their responsibilities. We wish to encourage Bishops' Conferences in Europe and in other parts of the world to take a more active stance in the debate on global governance. Global governance could be an issue for the ecumenical and the inter-religious dialogue and be included in educational and catechetical programmes.
2. **Non-governmental organisations, movements and associations** monitor and echo developments at the international and state level and develop proposals. Non-violence, transparency and accountability have to be principles of their operation. They need to respect the democratic political process and act accordingly.
3. **Multinational companies** are encouraged to respect the guidelines published by the Organisation for Economic Cooperation and Development (OECD) as an internationally agreed "code of conduct" and to commit themselves to the "Global Compact", proposed by the Secretary General of the United Nations in 1999. They are encouraged to introduce social responsibility reports. Especially in the domain of

international finance, private banks and other private financial institutions have an indirect impact on the production of essential public common good and thus play a special role.

4. All **nation states** have to respect their global obligations and accept the basic principles of multilateralism. Domestic economic policy must more than ever take into account its potential worldwide impact. National governments must voice their support for the position taken in the executive bodies of the international organisations. More coherence and convergence is needed at the national level in view of the country's international engagements.
5. The mandates of **existing international organisations** need to be reviewed with a view to identifying sources of conflicting objectives, barriers to coherent behaviour and gaps in the institutional architecture.
6. **Regional agreements** between countries as important instruments to deal with the challenges of globalisation must be included in a system of global governance; they cannot replace international institutions with a global outreach. The sharing of sovereignty in the European Union has reached a degree that is unknown in other places in the world. The European Union therefore bears a particular responsibility for promoting the cause of qualitative global governance.
7. A **new comprehensive trade round** at the WTO seeks to eliminate trade barriers to exports from developing countries. The European Union should show its willingness to review certain aspects of its own policies – including the Common Agricultural Policy. The merits of holding negotiations in a “single undertaking” should be reconciled with the need to provide for an “early harvesting” of the initiatives to abolish as soon as possible tariffs on exports from the poorest countries. Also in view of the risk of over-stretching the dispute settlement procedures of the WTO the Doha round should be concluded within the agreed deadlines. Protectionism through the use of environmental and social standards has to be avoided. Environmental rules and trade and investment rules have to be developed coherently.
8. Rules for the treatment of **foreign direct investment** (FDI) are needed; negotiations on basic principles could take place within the framework of the WTO.
9. With regard to the interaction between trade and competition policy, a consensus should be reached on the core principles needed for **competition rules** including transparency, non-discrimination and procedural

fairness, and on provisions on hardcore cartels. The developing countries should be supported in their efforts to shape domestic anti-trust legislation and administration.

10. The **International Monetary Fund (IMF)** and the **World Bank** are encouraged to strengthen the Highly Indebted Poor Countries Initiative (HIPC). The Poverty Reduction Strategy Papers (PRSP) approach by the World Bank offers an opportunity to promote a broad-based and country owned development process. The IMF and the World Bank are invited to continue the promotion of increased transparency and accountability in the system and the institutions. A stronger supervision of financial institutions remains necessary as well as an emphasis on technical assistance for institution-building in order to assist developing countries in their efforts to adapt their own governance to new world standards.
11. The capacity of the **International Labour Organisation (ILO)** should be strengthened to monitor in particular the five conventions with core labour standards concerning freedom of association and collective bargaining, non-discrimination in the work place, and the prohibition of forced and child labour. Migration is another area where the ILO will have to play a more important role in the future, particularly regarding the fate of migrant workers.
12. Preferably, a new **World Environment Organisation (WEO)** should be created or UNEP should be reformed comprehensively. The WEO should have the mandate and the means to articulate environmental concerns in an audible, credible and effective manner and to promote coherent and consistent decisions on the international level. To fulfil its tasks, it would need the right infrastructure in terms of personnel, funding and location.
13. A **Global Governance Group (3 G)** should be created that would assure a minimum of coherence, co-ordination and arbitration among international institutions. In this framework leaders, at the highest political level, could define strategies on issues whose multifaceted aspects are currently dealt with in different bodies. It would hold an annual summit on economic, social and environmental issues and could give political guidance to the institutions.

Annex

COMECE ad hoc Group on Global Governance*

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* The views expressed in the text are personal and should not be attributed to institutions or companies to which members of the group are related.