

## Ministerial Round Table 6

### **The link between the progress in the implementation of the agreements and commitments reached at the International Conference on Financing for Development and the achievement of the internationally agreed development goals, including those contained in the United Nations Millennium Declaration**

#### **Summary by the Co-chairs:**

H.E. Mr. Gonzalo Garcia Nunez, Director of the Central Bank of Peru and the Special Envoy of the President of the Republic

Mr. Mark Malloch Brown, Administrator, United Nations Development Programme

This roundtable explored the link between the implementation of the Monterrey Consensus and the achievement of Millennium Development Goals (MDGs), with particular emphasis on global partnerships. The UN Millennium Declaration provided a powerful framework of development benchmarks while the Monterrey Consensus provided a comprehensive set of commitments and agreements for financing development. Participants expressed a range of views varying from the sense of frustration in regard to the slow progress in the implementation of the MDGs to a guarded optimism on the prospects for the future. In that context, speakers put forward a variety of ideas and proposals aimed at fully achieving financing for development targets. The importance of maintaining the spirit of Monterrey through inclusiveness, multi-stakeholder approach and partnerships for development was underscored.

#### Domestic Policy Issues

There was a general agreement that all countries bear primary responsibility for their own development. Sound domestic policies are crucial to both mobilizing domestic resources and attracting international resource flows for development purposes. Good governance is essential for efficient implementation of domestic policies and for efficient use of domestic and international resources. To support domestic efforts, partnerships amongst various stakeholders were also imperative.

Several participants highlighted NEPAD as an example of an innovative domestic and regional policy initiative coupled with strong international support. It was pointed out that African countries have recently made significant progress in improving governance and macroeconomic management. Those efforts have not been matched by an adequate international response, particularly in terms of foreign direct investment (FDI) to sub-Saharan Africa. Exemplifying the sense of frustration, it was noted that governance has never been stronger in Africa but aid per capita has never been lower and remains well below the absorptive capacity of those countries. On an optimistic note, it was recognized that this could be an historic opportunity to increase development assistance to the continent.

### International Trade

There was a general agreement that trade is a dynamic engine for development. The collapse of Cancun added to the sense of frustration regarding the implementation of the Doha Development Agenda. It was felt that a rapid resumption of multilateral trade negotiations was essential for reaching agreements on trade liberalization and promotion. Several participants stressed the need to enhance capacities and external market access for developing countries, in particular land-locked and small island developing countries.

### Private and Official Flows for Development

It was recognized that achieving the MDGs would require significantly higher levels of financial resources and concrete mechanisms at the international level. The global economic slowdown and recent political developments, including conflict situations, have had a negative impact on the net transfer of resources to developing countries. The nascent recovery of the world economy gives rise to optimism. However, a number of participants were of the view that the implementation of commitments and agreements on financing development should be unconditional.

A view was expressed that to achieve the MDGs in critical areas such as health and education, aid conditionalities should be reviewed and reduced. Other participants referred to the recent progress in increasing the volume and improving the quality of the Official Development Assistance (ODA). One speaker stressed the importance of FDI for job creation in developing countries, which in turn would help to address vital social concerns such as education and health.

Another speaker discussed various tools for improving information flows concerning private sector investment opportunities in developing countries. Such tools would bridge the information gaps and enhance investor confidence. Pilot projects by business sector participants were cited.

There was a call, from both the governmental and non-governmental sector, to explore and implement innovative financial mechanisms, as well as other practical and viable tools, that could help developing countries to mobilize resources for the achievement of the MDGs.

Support was expressed for the proposal by the UK Chancellor of the Exchequer on the International Financing Facility. Reference was also made to a proposal for a tax levy on wealth created by globalization.

### External debt

Further steps in debt forgiveness were needed to achieve the MDGs. It was noted that the HIPC Initiative only addresses some 10% of the total debt load of developing countries and that other initiatives should be addressed to alleviate the debt overhang of middle-income developing

countries and economies in transition. One participant noted that with the failure of the SDRM initiative a new forum should be created to address sovereign debt issues, and expressed support for the proposal for a multi-stakeholder working group on debt issues.

### Systemic issues

It was recalled that the Monterrey Conference provided a unique forum for multi-stakeholder engagement in the financing for development process. In this context, policy coherence at all levels is essential. Both the MDGs and the Monterrey Consensus provide a common framework for enhanced coherence, coordination and cooperation among all stakeholders. At the national level, several governments have made significant strides to improve policy coherence through the engagement of their ministries of development, finance, trade and foreign affairs, as well as central banks. At the international level, a forum to address the issue of coherence and the MDGs was called for. In this connection, reference was made to a range of proposals on ECOSOC strengthening and reform. In the same vein, the importance of the 2005 assessment of the progress towards MDGs was highlighted.

### Conclusion

The prevailing sentiment pointed towards the need to maintain both the spirit of Monterrey and the momentum for the achievement of MDGs. The United Nations-sponsored MDG Campaign has been instrumental in raising awareness and mobilizing public support, both at the national and international levels. Political will is crucial for the implementation of the agreements and commitments reached at the Millennium Summit and the Monterrey Conference.