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international forums how best to accelerate the implementation of the commitments made. The essential issue in delivering the Monterrey Consensus is “political will” and many speakers urged that we explore how to muster that political will.

5. I hope that the discussions in the round tables on 29 October and in the interactive dialogue on 30 October, which were very rich, will bear practical fruit in the follow-up that the Assembly will undertake during November. It is clear from listening to the Dialogue that participants found useful the assessments in the report of the Secretary-General (A/58/216) and I wish to express appreciation to him and his staff, particularly the Financing for Development Office of the Department of Economic and Social Affairs, for the report. Many speakers referred to the recommendations contained in the report, as well as to ideas of their own, leaving us with a rich basis for our further work.

6. The remainder of the present report summarizes the main themes addressed at the Dialogue. It should be read together with the summaries of the eight round tables, which are contained in the annex.

Mobilizing domestic resources

7. Developing countries and countries with economies in transition stressed their own primary responsibility for economic and social development and highlighted the importance of domestic resource mobilization for financing development. Many developing countries noted their efforts to implement policies aimed at promoting sustainable development and poverty reduction as well as the need for continued and intensified endeavours to that end, with support from development partners.

8. Countries highlighted progress made in improving governance through institutional reform and consolidating democratic structures, including through greater transparency and accountability, strengthened anti-corruption regulation and measures to combat money-laundering. They stressed the importance of continued progress in this area as essential in effective domestic policy-making and creating a conducive environment for domestic and international investment. African countries noted the progress in the peer review mechanism within the New Partnership for African Development (NEPAD) as a regional initiative in this regard. Some participants stressed the importance of democracy and fulfilment of human rights as an essential element in the implementation of development, while others regarded democracy as a development goal in itself that warrants monitoring. Speakers also noted the results of efforts to end conflict and the need for continued progress in this area since peace and security are prerequisites for development.

9. Countries recognized the importance of implementing counter-cyclical macroeconomic policies that promote stability and sustained delivery of social services over the business cycle. They noted the efforts that have been made in macroeconomic policy reform, reform in the tax code and the administration and formulation of medium-term fiscal frameworks, while realizing the need for further action. Some countries also emphasized the importance of coherent economic and social development and the need to safeguard social expenditure in the priority areas of health and education, as well as expenditures in the areas of poverty reduction, rural development and infrastructure. It was made clear, however, that resources for these expenditures in most low-income and some middle-income countries are seriously lacking. The severity of this problem in the least developed countries, landlocked developing countries and small island developing States was

underscored. Yet some countries highlighted the substantial progress made in poverty reduction and a few indicated favourable prospects for attaining the Millennium Development Goals and beyond.

10. Many speakers highlighted the important role of the private sector in economic and employment growth and, in turn, poverty reduction. Many Governments have made, and will continue to make, efforts in the areas of institutional reform, privatization and liberalization, where appropriate, to help foster its development, particularly with regard to small and medium-sized enterprises (SMEs).

11. Promotion of technology and skills transfers and investment from industrialized countries were seen as important for private-sector development. In addition, the development of a sound and diverse financial sector that includes facilitating access for SMEs, microenterprises, women and the poor is critical. Some countries noted the efforts that they have made and underscored the need for continuing and accelerating reforms of the banking sector, strengthening the financial regulatory framework and developing capital markets.

12. Developing and transition economies, echoed by developed countries, emphasized the importance of international support for their domestic efforts to mobilize financial resources for development in implementing the Monterrey Consensus and the Millennium Development Goals. Several participants stressed that policy-making in developing and transition economies is restricted by conditionalities imposed by multilateral and bilateral donors. There is a need to streamline conditionalities and align poverty reduction strategy papers with national development strategies aimed at enhancing ownership of domestic policies and development priorities. Donor and recipient countries emphasized the importance of multi-stakeholder partnerships in financial and technical assistance in capacity-building in the relevant domestic policy areas as a crucial means of support for the domestic policies of developing and transition economies.

Private capital flows

13. Many participants stressed the important role of private flows as a source of investment, technology, skills transfer and economic growth for poverty reduction in developing countries, and some called for exploration of how those flows could be fostered. It was emphasized that to promote foreign direct investment (FDI) and other private flows it is critical for domestic policies in developing countries to create a good climate for investment both domestic and foreign. An institutional framework should be in place to promote, support and protect investment from political risk.

14. Speakers also stressed the role of international financial institutions in promoting foreign private investment flows. Several speakers representing Governments said that in order to help attract FDI those institutions should increase support for the development of the necessary infrastructure, including in the information and communication technology sector.

15. It was pointed out that there is too much uncertainty regarding developing and transition economies that discouraged private financial flows. In this regard, it was suggested by some government and NGO representatives that international financial institutions should develop mechanisms to mitigate political risks. Also, those institutions should increase the use of financial instruments developed in the private

International trade

22. Most speakers considered international trade policy to be a major area of concern to a forum on financing development. In this regard, many participants expressed dissatisfaction with policies in developed countries that they saw as adversely affecting the international trade of developing countries. Such policies include developed country limitations on imports of textiles and clothing from developing countries and agricultural subsidies in developed countries that render developing country production non-competitive in home and third-country markets. The latter policies were seen as especially harmful to rural areas of developing countries, which usually have a relatively high poverty density. Speakers also charged that developed countries abuse the “anti-dumping” measures that are allowed by WTO since some of these countries seek to limit competitive imports when such limits are not warranted by WTO rules. Together with capital mobility and trade in goods and services, many participants expressed the view that greater provision should be made for labour mobility within the international trading system. Speakers also drew attention to the volatility of prices in international commodity markets and the persistently low prices for a number of commodities.

23. Regarding WTO negotiations under the Doha work programme, there was universal concern about the inability to come to agreement at the Cancún ministerial meeting of WTO held in September 2003. Many participants spoke of the need to resume these negotiations as soon as possible and to work expeditiously towards a conclusion that effectively strengthens development, one that entails fair and equitable trading rules. Some speakers expressed concern that the substantive differences in negotiating positions at Cancún reflected differences in how developed and developing countries perceive the development dimension of the Doha agenda of negotiations. There was also a call to focus on WTO negotiation procedures, which need to be made more transparent and better take into account developing country views.

24. Looking more broadly at the structure of the international trading system, a number of speakers emphasized the important role that regional cooperation can and does play in trade and financial flows and called for its further promotion. Many speakers urged that regional trading arrangements should be a building block for the multilateral system and not a stumbling block.

25. Since WTO is a key global forum, some participants called for a closer institutional relationship between WTO and the United Nations, which could better facilitate international consideration of the development dimension of international trade policy and help strengthen its coherence with other dimensions of development policy. In this context, a number of speakers emphasized that greater trade access in developed countries would only provide an opportunity and that policies in developing countries to facilitate a supply response and strengthened international cooperation in their support were also essential.

26. A number of speakers expressed concern about developments in international commodity markets in recent years. Developing country farmers, often in the poorest countries, have had to absorb the effects of the volatility of international commodity prices and their low values. One proposal to deal with volatility was to increase development assistance to counter declines during cycles of commodity prices. Another idea was to consider establishing a mechanism that would provide commodity price guarantees for poor countries. More broadly, it was also proposed

that this matter be considered at the United Nations in a more comprehensive and focused manner.

ODA and other resources

27. Many donor country delegates reported on the progress made by their countries since the International Conference on Financing for Development in increasing aid to developing countries. In particular, delegates welcomed the fact that major donors had made important additional commitments at the time of the Monterrey Conference, such as that of the European Union (EU) to collectively raise its ODA volume to 0.39 per cent of gross national income (GNI) by 2006, as an interim step towards fully reaching the United Nations target of 0.7 per cent. Several member countries have already achieved or are adopting specific timetables to achieve the target.

28. However, delegates also noted the large gap still remaining between the expected flows and what is needed to achieve the Millennium Development Goals. A number of African delegates noted that ODA remains low despite their countries being better governed than ever before. It was stressed that this shortage of funds is owing not to lack of resources but to the relatively low priority that is accorded to development cooperation relative to other categories of government donor

recognition and differentiated support. Some delegates also stressed the importance of targeted assistance to emerging and middle-income countries, which account for half of the world population and have important regional impacts on other developing countries. A number of delegates called for increased South-South financial cooperation, as well as assistance and debt relief in relation to less-developed regional partners. Some new and prospective donors, such as the transition economy countries acceding to the European Union, expressed interest in

mandates and the requirements of global coherence, harmonization and consistency constitute the central ideas for strengthening the United Nations.

40. Many proposals on strengthened global governance and coherence emerged in the plenary meetings and round tables to move the Monterrey Consensus forward. Several country representatives, supported by civil society, called for a more meaningful institutional relationship between the United Nations and WTO. Others called for an in-depth consideration of global governance and coherence-related issues in a more focused manner in the General Assembly and the Economic and Social Council. Some ministers proposed exploring and examining new forms of constructive interaction between different stakeholders, while others recommended a review in the United Nations of current proposals to strengthen the relationship and interactions between the United Nations, the Bretton Woods institutions and WTO. In this context, some speakers also advocated for the increasing participation of civil society and the private sector in strengthening the multilateral system.

41. In the context of the stewardship of the global economy and the monitoring of international economic cooperation and global economic and social trends, a number of interventions focused on the need for a strong and effective international body, such as an economic and social security council, or a much strengthened and more effective Economic and Social Council. In a transitory phase, before any of these options materializes, improved arrangements at the level of both the General Assembly and the Economic and Social Council could and should address the key global economic issues within the United Nations framework. Some participants also proposed that the United Nations financing for development process could sponsor the establishment of informal forums for discussion, integrating relevant stakeholders with an interdisciplinary approach to remove blockages preventing coherence and cooperation in the current global economic environment.

42. Reflecting on the need to monitor the consistency of national policies with

44. Many representatives from countries, intergovernmental organizations and civil society called for the enhanced participation of developing countries in multilateral economic decision-making, particularly in international financial institutions. There was support for current efforts to address this issue. A number of participants observed that it is necessary to review the voting rights and shares in the international financial institutions since they do not properly reflect the current realities of the world economy. Some representatives noted the importance of reaching a consensus on this matter as soon as possible.

Staying engaged

45. There was a general agreement that the main focus of the financing for development follow-up process should be on the monitoring and promotion of partnerships for the implementation of the Monterrey Consensus in all its aspects. Many speakers stressed that a more precise supporting framework is necessary for

A/58/216) regarding the possible establishment of an executive committee or an expanded Bureau of the Economic and Social Council, with balanced geographical representation, to interact with the Bretton Woods institutions and WTO in the preparation of the annual spring meeting. Others went further, proposing that a committee on financing for development be set up to undertake these and related responsibilities on a more structured and regular basis.

49. As already indicated above, proposals were also made to set up multi-stakeholder working groups to advance progress on critical issues of the Monterrey agenda, including financial regulation and governance of financial markets.

50. Many speakers proposed to make 2005 an important milestone in assessing the progress made in the implementation of the Monterrey Consensus and the achievement of the Millennium Development Goals. The work of the United Nations and the World Bank in launching a global information campaign and in developing a global monitoring framework for the Goals was greatly appreciated. Some participants suggested that the monitoring framework for the implementation of the Monterrey agreements and commitments should be similar, as appropriate, to that for the achievement of the Goals. There was a call to strengthen the Financing for Development Office of the Department of Economic and Social Affairs so that it

Annex

Summaries of the ministerial round tables

Contents

	<i>Page</i>
Regional dimensions of the implementation of the results of the International Conference on Financing for Development	13
Ministerial round table 1	13
Ministerial round table 2	16
Coherence and consistency of the international monetary, financial and trading systems in support of development.	18
Ministerial round table 3	18
Ministerial round table 4	21
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 internationally agreed development goals, including those contained in the United Nations Millennium Declaration	25
Ministerial round table 5	25
Ministerial round table 6	28
The link between the progress in the implementation of the agreements and commitments reached at the International Conference on Financing for Development and the promotion of sustainable development, sustained economic growth and the eradication of poverty with a view to financing the achievement of the Millennium Development Goals	28

Ministerial round table 1

Regional dimensions of the implementation of the results of the International Conference on Financing for Development

Summary by the Co-Chairs

Blas Ople, Secretary of Foreign Affairs of the Philippines

Enrique V. Iglesias, President of the Inter-American Development Bank

Deepening regional cooperation

1. A number of speakers underscored the role of regional cooperation in support of the Monterrey Consensus. Regional cooperation and intergovernmental partnerships, particularly in Asia and Africa, are increasingly used as an adjunct to the implementation of international resolutions and commitments and as a way of localizing the Monterrey principles. To this end, the New Partnership for Africa's Development has made impressive strides, in a relatively short period, in forging partnerships across the continent that promote both good governance and socio-economic objectives. Other subregional institutions on the continent, such as the Economic Community of West African States, in West Africa, and the Economic Commission for Africa, in East Africa, have achieved commendable progress on a number of fronts, including tariff harmonization, currency convertibility and a cross-border investment code. The business sector and civil society are increasingly integrated into these initiatives, especially with regard to corporate responsibility and the rights of vulnerable groups, including women, children and HIV/AIDS victims. In the case of Latin America, speakers referred to the rich tradition of countries in interregional cooperation and the new initiative by the Economic Commission for Latin America and the Caribbean to explore the importance of regional public goods. Deepening regional cooperation is closely linked to shared values and principles and the progressive transformation of more narrow economic concerns to broader social and political goals.

2. In the case of Asia and the Pacific, speakers dwelt on various initiatives forging strategic economic partnerships between the Association of South-East Asian Nations (ASEAN) and China, ASEAN and Japan, and ASEAN and the Republic of Korea. Also mentioned was the Asian cooperation dialogue, led by Thailand, and its initiatives to create an Asian bond market.

3. The effectiveness of regional cooperation can be enhanced when there is a broad agreement regarding the key objectives of development. Shared values lead to the adoption of mutually acceptable legal norms that eventually facilitate wider political and economic cooperation. Active dialogue with civil society organizations can facilitate achievement of a shared vision.

4. The need to strengthen coherence and consistency of policies to achieve sustainable growth on a regional level was emphasized. Issues of governance, partnerships and trade promotion need to be approached in a coherent way to ensure better harmonization of regional efforts and more efficient allocation of resources. Some speakers referred to the importance of a peer review process in relation to appraising governance practices at the local level as an effective tool to promote the principles of good governance and facilitate diffusion of best practices. In this

regard, the multilateral monitoring envisioned within regional groups, such as NEPAD, could be an important instrument of evaluation of economic policy of its members.

5. Peace remains a keystone and essential foundation for the sustainable development of developing countries. The active involvement of civil society in peace-building efforts, including broad-based popular participation in conflict prevention, is a prerequisite for any successful outcome in this area.

Mobilizing domestic resources for development

6. More than a year after Monterrey, the pledges made at the Conference have yet to be realized. In some regions, development finance is dwindling, developing country debt service levels remain unsustainable, and trade barriers impede the free flow of goods and services between developing and developed countries.

Official development assistance

7. The developing countries and civil society, bemoaning the slow pace of the rise in ODA levels, reiterated their urgent need for development assistance. Many areas that need the assistance of ODA were mentioned, including the strengthening of regional cooperation, the financing of elections and the improvement of social sectors. They warned that insufficient ODA levels would make achievement of the Millennium Development Goals a very difficult proposition.

(exempt status for the so-called dominant countries and a set of rules for the developing countries to follow) was bitterly denounced.

12. The developed countries said that they are expending efforts to improve the structure of the multilateral trading system. Some have provided technical assistance to enable developing countries to engage constructively in WTO negotiations.

Complementarities between the Millennium Development Goals and the Monterrey Consensus

13. A number of speakers recognized the extensive complementarities that exist between the Millennium Declaration (and the Millennium Development Goals) and the Monterrey Consensus. The sum total of both initiatives is a reaffirmation of the Charter of the United Nations, especially its call for peace and development. In this connection, a clear link exists in the emphasis placed in both instruments on poverty reduction, good governance, and the importance that these initiatives must be primarily nationally led and owned. According to some delegations, the importance of domestic resource mobilization cannot be underestimated. Hence, regional initiatives and regional banking institutions must support an enabling environment in which regional and national resource mobilization can be enhanced. Several speakers noted that the desk-work for the Monterrey follow-up process and the Millennium Development Goals has been done with substantial progress on strategy, policy implications and reviews. Increasingly, the two, that is the Monterrey follow-up process and the Millennium Development Goals, are being tested by implementation, and by the international community's commitment to share its responsibilities at both the national and international levels.

Asymmetries of globalization

Ministerial round table 2

Regional dimensions of the implementation of the results of the International Conference on Financing for Development

Summary by the Co-Chairs

Samuel Zbogar, Secretary of State, Ministry of Foreign Affairs of Slovenia
K. Y. Amoako, Executive Secretary of the Economic Commission for Africa

1. Eighteen months after Monterrey, senior officials of Governments, representatives of international organizations, members of the business sector and representatives of non-governmental organizations held a fruitful round-table dialogue. As we reflected upon the regional dimensions of the implementation of the International Conference on Financing for Development, we could not avoid to touch upon its global dimensions as well. We reiterated our commitment to the Monterrey Consensus and stressed the importance of keeping it high on the international agenda. We also recognized the need to ensure that the commitments made at Monterrey were fully implemented and global efforts for the implementation of those commitments were sustained. A summary of our discussion is set out below.

Overall considerations

2. Many speakers voiced their concern about the nature of the ongoing process of globalization and its consequences. It was felt that, despite new initiatives and increased dialogue among development stakeholders, economic considerations still weighed heavily on the decision-making process to the detriment of social progress and economic justice. Thus, there was a need to shift the current paradigm towards a more equitable economic system in which the needs and aspirations of the disadvantaged and excluded could be met and their rights respected. In this regard, the specific situation of indigenous peoples required particular attention. Increased solidarity was also required. A reassessment of the value system under which the international economic community currently operates was called for.

3. Several speakers remarked that there have been considerable advances in the way that bilateral and multilateral donors incorporate the Monterrey Consensus, including the implementation of the Millennium Development Goals and the eradication of poverty, in their working processes. Nonetheless, it was felt that more needs to be done since inconsistencies remained. Certain programmes and conditionalities still produce negative outcomes as far as improved social conditions are concerned. In addition, as economic and social conditions deteriorate in certain countries, political instability emerges, further compromising development.

Consensus. Some participants noted the important progress in building coordinated international efforts to address some development issues, such as HIV/AIDS. Many of us also perceived shortcomings that we need to address and some of our speakers suggested how we might go about that. The Monterrey process is a collective learning process among all stakeholders. It not only sets policy goals for us to achieve but gives us a way to address each other about our shortcomings in reaching them and how to consider institutional and policy reforms to overcome them. Indeed, there was a sense of mutual responsibility in the round table and a concern to fully implement the Monterrey Consensus. This set the tone for a very fruitful discussion and a number of interesting proposals were made.

Coherence and consistency

Coherence

9. It was recognized that the coherence of trading, monetary and financial systems is far from perfect. It needs to be improved at the national, regional, and global levels. Participants paid a lot of attention to coherence at the national level. Policies advocated by various national institutions need to be consistent between each other as well as with internationally agreed goals. It is important that the outcomes of international meetings and discussions reach the national levels. This could be improved by securing higher-level participation in such meetings. Some proposed that a more relevant body with some decision-making power should be used to conduct such discussions in order to attract high-level officials.

10. Two general remarks were made, the first indicating that although coherence exists in terms of a goal in the char

line with the concept of coherence as embodied in the Charter of the United Nations and the founding goals of the United Nations.

15. Another proposal highlighted by the same representative relates to the possibility of having a summit meeting at the beginning of each General Assembly structured on the membership of the General Committee, which includes the five permanent members of the Security Council in its membership, thus allowing an interaction on global economic issues and coherence within the United Nations framework.

16. The representative of the World Economic Forum proposed the formation incl8n

Ministerial round table 5

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 internationally agreed development goals, including those contained in the United Nations Millennium Declaration

Summary by the Co-Chairs

Hilde Frafjord Johnson, Minister of International Development of Norway
José Antonio Ocampo, Under-Secretary-General for Economic and Social Affairs of the United Nations Secretariat

1. The round table generated a rich exchange on what developing and developed countries as well as multilateral organizations have done and what remains to be done in the follow-up to the Monterrey Conference and the implementation of the Millennium Development Goals and the goals of other international conferences. In this context, the discussion included the importance of monitoring the implementation progress at the national and global level, especially in the attainment of Goal 8. Participants recognized that monitoring is essential to ensure that commitments are meaningful and to track progress of implementation. They welcomed the work of the United Nations and the World Bank in developing a global monitoring framework for the Goals, building on the country-level monitoring work of the United Nations. One participant suggested a similar global monitoring framework for implementation of the Monterrey Consensus.

2. Participants noted that while progress has been made in implementation of the Monterrey Consensus and in attainment of the Millennium Development Goals, it has been uneven across countries and in different goals. Many underscored the large gap between the needed and available financing for the Goals and noted that there is a great urgency to implement coherent national and international policies to

recently by the World Bank as capable of absorbing more foreign aid, were African. However, some delegates complained that such national efforts are frustrated by inadequate support from the international community due to the weakening world economic environment, competing demands on financial resources and a lack of political will in developed countries.

Official development assistance

4. Many donor country delegates reported on the progress made by their countries in increasing aid to developing countries, including the EU mobilization of one third of its commitments until 2006 within the one year since the Monterrey Conference. However, the current level of overall commitments on additional ODA flows, at about \$16 billion by 2006, falls short of the estimated annual \$50 billion required for achieving the Millennium Development Goals. It was stressed that the reason for this shortage of funds is not lack of resources but the relatively low priority that is given to development compared with other issues. Also critically noted is the slow progress in aid effectiveness, harmonization and coordination since the Rome agreement. However, the EU representative pointed out that the absorptive capacity of developing countries is an impediment to the disbursement of its available aid. Countries in Central Europe that are becoming new EU members offered to renew their development assistance and share their recent and ongoing transition experience.

Debt relief

5. The burden of unsustainable debt as a major factor hampering progress towards achieving the Millennium Development Goals was raised by many delegates, who argued for debt cancellation. Even many non-HIPC countries must spend unacceptably high shares of their government revenues, which could be used for development purposes, on debt servicing. Some delegates pointed out that the HIPC initiative was working too slowly and failed to offer adequate relief for debt sustainability.

International trade

6. Delegates regretted the failure of the trade negotiations in Cancún and emphasized the urgent need of restoring momentum of the Doha round. Improved access of developing countries' exports to developed countries' markets, especially for agricultural products, was a most effective contributing factor in reducing poverty in these countries. The extremely large agricultural subsidies given by industrial countries to their farming industry dwarfed aid flows and negated the benefits of the most important comparative advantage of the developing world. Trade ministers were also reminded of their country's human rights obligations, including economic, social and cultural rights, and the importance of policy coherence in this area.

7. Some delegates also drew attention to the issue of freer international mobility of factors of production to facilitate economic development worldwide, including imaginative new ways to facilitate technology transfer and economically beneficial movement of capital and labour. Given the growing importance of remittances as a source of finance for many developing countries, appropriately designed and

adequately managed labour mobility programs could be launched to assist developing countries.

Mobilizing domestic resources for development

8. Many participants emphasized the importance of South-South cooperation. An initiative of a group of three developing countries — Brazil, India and South Africa — to mobilize resources to fight against poverty and hunger was cited as an example. Other participants agreed that new ideas for South-South cooperation should be explored.

9. Many participants also stressed the key role of the private sector as a source of the investment, technology and skills transfer and economic growth necessary for poverty reduction in developing countries and some called for exploration of how this could be fostered. They also recognized that new private-public partnerships are important since private resources are not always available where they are needed. It is necessary to recognize that profit is the underlying motive for private investment. If political risks in private investments in developing countries can be mitigated, more private financing may become available.

New proposals

10. Initiatives were proposed to generate dialogue on promoting and fostering political will. There is a need to engender public support to work effectively at the country level on the Millennium Development Goals.

11. The United Nations needs to be reformed in the economic and social area to discharge its mandate. The dialogue between the Economic and Social Council, the Bretton Woods institutions and WTO needs to be strengthened.

12. The United Nations is to prepare a separate report for the next session of the Economic and Social Council that will offer an outline on policy coherence of the national and international levels.

13. A review of the progress of the Millennium Development Goals and the implementation of the Monterrey Consensus should be prepared by 2005, and should be integrated into the comprehensive review of the implementation of United Nations conferences.

14. Special measures should be considered to deal with the debt situation of non-HIPC countries, including initiatives outside the Paris Club.

15. Women's issues and rights should be integrated into the other Millennium Development Goals (apart from Goal 3). Female empowerment and women's issues should be central to the Millennium Development Goal implementation process.

implementation of the Doha development agenda. It was felt that a rapid resumption of multilateral trade negotiations is 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 landlocked and small island developing countries.

Private and official flows for development

5. It was recognized that achieving the Millennium Development Goals 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.

6. A view was expressed that to achieve the Millennium Development Goals 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 official development assistance. 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.

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

8. There was a call, from both the governmental and non-governmental sectors, 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 Millennium Development Goals.

9. Support was expressed for the proposal by the United Kingdom Chancellor of the Exchequer on an international financing facility. Reference was also made to a proposal for a tax levy on wealth created by globalization.

External debt

10. Further steps in debt forgiveness were needed to achieve the Millennium Development Goals. It was noted that the HIPC initiative only addresses some 10 per cent 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 special drawing rights mechanism 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

11. In d
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Development Goals 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 Millennium Development Goals is called for. In this connection, reference was made to a range of proposals on Economic and Social Council strengthening and reform. In the same vein, the importance of the 2005 assessment of the progress towards Millennium Development Goals was highlighted.

Conclusion

12. The prevailing sentiment pointed towards the need to maintain both the spirit of Monterrey and the momentum for the achievement of Millennium Development Goals. The United Nations-sponsored Millennium Development Goals 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.

Ministerial round table 7

The link between the progress in the implementation of the agreements and commitments reached at the International Conference on Financing for Development and the promotion of sustainable development, sustained economic growth and the

Mobilization of domestic resources

3. It was widely recognized that domestic resources are an important source of financing for development, and that domestic reforms can enhance a country's ability to mobilize domestic financial resources. Several participants highlighted the effective reforms taken in their countries, such as the implementation of sound macroeconomic policies, in particular tax reforms, monetary policy and financial sector reform, better governance through improved transparency and anti-corruption

was noted that while various initiatives announced at Monterrey (e.g., the Millennium Challenge Account of the United States) have not yet been fully implemented, the declining trend of ODA is reversing. They commended donor countries that meet or exceed the agreed ODA target of 0.7 per cent and urged others to follow suit. In light of the fact that net resource transfers to developing countries are still negative, participants underscored the need to rapidly increase the volume of aid and disburse it quickly in a predictable time frame. The proposal for an international finance facility was seen as an important potential mechanism that should be seriously considered by the international community. It was also noted that the World Solidarity Fund established at the World Summit on Sustainable Development could become another source of finance once it is adequately funded. Speakers emphasized that ensuring and increasing the quality of aid is critical. In this regard, the Rome Declaration on Harmonization was seen as a crucial effort to harmonize and reduce the multiple requirements of donor countries on developing countries and assist the latter in taking charge of their own development process.

External debt

10. Many participants stressed that unsustainable debt levels prevent many developing countries from achieving the Millennium Development Goals. The Heavily Indebted Poor Countries initiative was welcomed as an important instrument for debt relief. However, most speakers pointed to the fact that to date the initiative has fallen far short, even for countries that have reached completion point. In this regard, it was suggested that eligibility criteria should be more flexible to include more countries in the process. It was also argued that many middle-income countries have unsustainable debt, but there is no mechanism to address that problem. Several participants stressed that the United Nations should play a more active role in developing new mechanisms to resolve problems between debtors and their creditors.

Participation

Conclusion

13. Many speakers considered that financial outflows from developing countries are the most important indication that the objectives set in the Monterrey Consensus have not yet been fulfilled, despite progress on many individual issues. At the same time it was widely agreed that Monterrey was an ongoing process along with other global initiatives, and a point of departure for promoting development.

14. Participants highlighted the critical role that the annual spring meeting of the Economic and Social Council with the Bretton Woods institutions and WTO play in maintaining the momentum of the Monterrey Process. The establishment of working groups on major agenda items of the Monterrey Consensus and the strengthening of the FfD Office were suggested to enhance the effectiveness of financing for development.

Ministerial round table 8

considered a setback, participants expressed the view that multilateral trade negotiations must move forward without delay to comply with the Doha agenda for development. Developing countries' trade could gain significantly from the elimination of subsidies and barriers that have distorting effects, especially trade-distorting agricultural subsidies and the anti-dumping measures imposed by developed countries, as well as improved market access in developed countries for products of developing countries, increased technical assistance and capacity-building, and improved rules of conduct for multinational corporations.

4. The need for special and differential treatment for developing countries, as part of multilateral trade negotiations, was also seen as a vital aspect in achieving a supportive international environment.

5. It was also pointed out that growth in employment levels is a major factor in reducing poverty. Trade is a tool to achieve poverty reduction, but the sequencing of trade liberalization and the creation of export capabilities in developing countries was mentioned as an important element for allowing developing countries to reap the benefits of trade.

6. Domestic financial resources in developing countries are not sufficient for achieving growth and development and must be supplemented by substantial increases in ODA and other resources if developing countries are to achieve the internationally agreed development goals and objectives. It was acknowledged that there has been an increase in ODA, but it was also recognized that the increase has fallen short of the commitments made in Monterrey. Some ideas to increase the flow of resources to developing countries were mentioned, including efforts to improve international tax cooperation in order to avoid tax evasion and increase tax revenue.

Debt relief

7. The burden of external debt was cited by several participants as a critical obstacle for developing countries. Debt relief measures are therefore essential to release the resources required for achieving sustainable growth and development. Debt relief measures should not be limited to highly indebted poor countries. One participant proposed the establishment of a group of experts to also analyse the impacts of external debt on developing countries and determine appropriate mechanisms to reduce its burden.

Domestic policies

8. Economic growth is a necessary condition for development. It was also pointed out that more direct measures should also be taken to tackle poverty and promote human development. For instance, reducing unemployment and investing in education and health should be a priority. Some participants also stated that social spending should be kept high as a percentage of gross domestic product, even in an environment of fiscal retrenchment.

9. Countries should aim for a sustainable development path that promotes the sustainable use of natural resources, promotes social cohesion and prevents conflicts. Peace and security are prerequisites for sustained economic growth.

technical assistance should be strengthened in developing countries in a democratic environment.

11. Participants called for an enabling business environment for domestic enterprises, especially small and medium-sized enterprises. In particular, there were calls for a favourable regulatory and legal framework, better transparency, and information flows between Governments and investors. Several speakers referred to the problem of corruption and its consequences for investment, both foreign and domestic. There was also a call for more work to review the adverse environment facing small and medium-sized enterprises.

Coherence, accountability and monitoring progress

12. Many participants emphasized that the voice of developing countries should be strengthened in the international financial and trading system, including in the Bretton Woods institutions and WTO.

13. Several participants noted that it is essential that all actions to achieve progress under the Monterrey Consensus taken by the international community, including the donor community, developing countries and intergovernmental organizations, be coherent and consistent with the international monetary, financial and trading systems in support of development.

14. Coordination within the donor community should be improved. For ODA to be effective, both developing and developed countries should work in partnership and with mutual accountability.

15. The need and importance of monitoring the progress of the Monterrey Consensus and the effectiveness of all development partners in achieving results was also stressed. Mechanisms to review the effectiveness of development assistance are being set up between various development partners, aiming for an increased dialogue between the different stakeholders.
