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# Report of the International Conference on Financing for Development

## Monterrey, Mexico, 18-22 March 2002

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*Note*

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# Chapter I
# Resolutions adopted by the Conference

## Resolution 1*

## Monterrey Consensus of the International Conference on Financing for Development

*The International Conference on Financing for Development*,

*Having met* in Monterrey, Mexico, from 18 to 22 March 2002,

1. *Adopts* the Monterrey Consensus of the International Conference on Financing for Development, which is annexed to the present resolution;

2. *Recommends* to the General Assembly that it endorse the Monterrey Consensus as adopted by the Conference.

## Annex

## Monterrey Consensus of the International Conference on Financing for Development

Contents



* Adopted at the 5th plenary meeting, on 22 March 2002; for the discussion, see chap. VI.

# I. Confronting the challenges of financing for development: a global response

1. We the heads of State and Government, gathered in Monterrey, Mexico, on 21 and 22 March 2002, have resolved to address the challenges of financing for development around the world, particularly in developing countries. Our goal is to eradicate poverty, achieve sustained economic growth and promote sustainable development as we advance to a fully inclusive and equitable global economic system.

2. We note with concern current estimates of dramatic shortfalls in resources required to achieve the internationally agreed development goals, including those contained in the United Nations Millennium Declaration.[1]

3. Mobilizing and increasing the effective use of financial resources and achieving the national and international economic conditions needed to fulfil internationally agreed development goals, including those contained in the Millennium Declaration, to eliminate poverty, improve social conditions and raise living standards, and protect our environment, will be our first step to ensuring that the twenty-first century becomes the century of development for all.

4. Achieving the internationally agreed development goals, including those contained in the Millennium Declaration, demands a new partnership between developed and developing countries. We commit ourselves to sound policies, good governance at all levels and the rule of law. We also commit ourselves to mobilizing domestic resources, attracting international flows, promoting international trade as an engine for development, increasing international financial and technical cooperation for development, sustainable debt financing and external debt relief, and enhancing the coherence and consistency of the international monetary, financial and trading systems.

5. The terrorist attacks on 11 September 2001 exacerbated the global economic slowdown, further reducing growth rates. It has now become all the more urgent to enhance collaboration among all stakeholders to promote sustained economic growth and to address the long-term challenges of financing for development. Our resolve to act together is stronger than ever.

6. Each country has primary responsibility for its own economic and social development, and the role of national policies and development strategies cannot be overemphasized. At the same time, domestic economies are now interwoven with the global economic system and, inter alia, the effective use of trade and investment opportunities can help countries to fight poverty. National development efforts need to be supported by an enabling international economic environment. We encourage and support development frameworks initiated at the regional level, such as the New Partnership for Africa's Development and similar efforts in other regions.

7. Globalization offers opportunities and challenges. The developing countries and countries with economies in transition face special difficulties in responding to those challenges and opportunities. Globalization should be fully inclusive and equitable, and there is a strong need for policies and measures at the national and international levels, formulated and implemented with the full and effective

[1] General Assembly resolution 55/2.

participation of developing countries and countries with economies in transition to help them respond effectively to those challenges and opportunities.

8. In the increasingly globalizing interdependent world economy, a holistic approach to the interconnected national, international and systemic challenges of financing for development — sustainable, gender-sensitive, people-centred development — in all parts of the globe is essential. Such an approach must open up opportunities for all and help to ensure that resources are created and used effectively and that strong, accountable institutions are established at all levels. To that end, collective and coherent action is needed in each interrelated area of our agenda, involving all stakeholders in active partnership.

9. Recognizing that peace and development are mutually reinforcing, we are determined to pursue our shared vision for a better future, through our individual efforts combined with vigorous multilateral action. Upholding the Charter of the United Nations and building upon the values of the Millennium Declaration, we commit ourselves to promoting national and global economic systems based on the principles of justice, equity, democracy, participation, transparency, accountability and inclusion.

# II. Leading actions

## A. Mobilizing domestic financial resources for development

10. In our common pursuit of growth, poverty eradication and sustainable development, a critical challenge is to ensure the necessary internal conditions for mobilizing domestic savings, both public and private, sustaining adequate levels of productive investment and increasing human capacity. A crucial task is to enhance the efficacy, coherence and consistency of macroeconomic policies. An enabling domestic environment is vital for mobilizing domestic resources, increasing productivity, reducing capital flight, encouraging the private sector, and attracting and making effective use of international investment and assistance. Efforts to create such an environment should be supported by the international community.

11. Good governance is essential for sustainable development. Sound economic policies, solid democratic institutions responsive to the needs of the people and improved infrastructure are the basis for sustained economic growth, poverty eradication and employment creation. Freedom, peace and security, domestic stability, respect for human rights, including the right to development, and the rule of law, gender equality, market-oriented policies, and an overall commitment to just and democratic societies are also essential and mutually reinforcing.

12. We will pursue appropriate policy and regulatory frameworks at our respective national levels and in a manner consistent with national laws to encourage public and private initiatives, including at the local level, and foster a dynamic and well functioning business sector, while improving income growth and distribution, raising productivity, empowering women and protecting labour rights and the environment. We recognize that the appropriate role of government in market-oriented economies will vary from country to country.

13. Fighting corruption at all levels is a priority. Corruption is a serious barrier to effective resource mobilization and allocation, and diverts resources away from

activities that are vital for poverty eradication and economic and sustainable development.

14. We recognize the need to pursue sound macroeconomic policies aimed at sustaining high rates of economic growth, full employment, poverty eradication, price stability and sustainable fiscal and external balances to ensure that the benefits of growth reach all people, especially the poor. Governments should attach priority to avoiding inflationary distortions and abrupt economic fluctuations that negatively affect income distribution and resource allocation. Along with prudent fiscal and monetary policies, an appropriate exchange rate regime is required.

15. An effective, efficient, transparent and accountable system for mobilizing public resources and managing their use by Governments is essential. We recognize the need to secure fiscal sustainability, along with equitable and efficient tax systems and administration, as well as improvements in public spending that do not crowd out productive private investment. We also recognize the contribution that medium-term fiscal frameworks can make in that respect.

16. Investments in basic economic and social infrastructure, social services and social protection, including education, health, nutrition, shelter and social security programmes, which take special care of children and older persons and are gender sensitive and fully inclusive of the rural sector and all disadvantaged communities, are vital for enabling people, especially people living in poverty, to better adapt to and benefit from changing economic conditions and opportunities. Active labour market policies, including worker training, can help to increase employment and improve working conditions. The coverage and scope of social protection needs to be further strengthened. Economic crises also underscore the importance of effective social safety nets.

17. We recognize the need to strengthen and develop the domestic financial sector, by encouraging the orderly development of capital markets through sound banking systems and other institutional arrangements aimed at addressing development financing needs, including the insurance sector and debt and equity markets, that encourage and channel savings and foster productive investments. That requires a sound system of financial intermediation, transparent regulatory frameworks and effective supervisory mechanisms, supported by a solid central bank. Guarantee schemes and business development services should be developed for easing the access of small and medium-sized enterprises to local financing.

18. Microfinance and credit for micro-, small and medium-sized enterprises, including in rural areas, particularly for women, as well as national savings schemes, are important for enhancing the social and economic impact of the financial sector. Development banks, commercial and other financial institutions, whether independently or in cooperation, can be effective instruments for facilitating access to finance, including equity financing, for such enterprises, as well as an adequate supply of medium- and long-term credit. In addition, the promotion of private-sector financial innovations and public-private partnerships can also deepen domestic financial markets and further develop the domestic financial sector. The prime objective of pension schemes is social protection, but when those schemes are funded they can also be a source of savings. Bearing in mind economic and social considerations, efforts should be made to incorporate the informal sector into the formal economy, wherever feasible. It is also important to

reduce the transfer costs of migrant workers' remittances and create opportunities for development-oriented investments, including housing.

19. It is critical to reinforce national efforts in capacity-building in developing countries and countries with economies in transition in such areas as institutional infrastructure, human resource development, public finance, mortgage finance, financial regulation and supervision, basic education in particular, public administration, social and gender budget policies, early warning and crisis prevention, and debt management. In that regard, particular attention is required to address the special needs of Africa, the least developed countries, small island developing States and landlocked developing countries. We reaffirm our commitment to the Programme of Action for the Least Developed Countries for the Decade 2001-2010,[2] adopted by the Third United Nations Conference on the Least Developed Countries, held in Brussels from 14 to 20 May 2001, and the Global Programme of Action for the Sustainable Development of Small Island Developing States.[3] International support for those efforts, including technical assistance and through United Nations operational activities for development, is indispensable. We encourage South-South cooperation, including through triangular cooperation, to facilitate exchange of views on successful strategies, practices and experience and replication of projects.

## B. Mobilizing international resources for development: foreign direct investment and other private flows

20. Private international capital flows, particularly foreign direct investment, along with international financial stability, are vital complements to national and international development efforts. Foreign direct investment contributes toward financing sustained economic growth over the long term. It is especially important for its potential to transfer knowledge and technology, create jobs, boost overall productivity, enhance competitiveness and entrepreneurship, and ultimately eradicate poverty through economic growth and development. A central challenge, therefore, is to create the necessary domestic and international conditions to facilitate direct investment flows, conducive to achieving national development priorities, to developing countries, particularly Africa, least developed countries, small island developing States, and landlocked developing countries, and also to countries with economies in transition.

21. To attract and enhance inflows of productive capital, countries need to continue their efforts to achieve a transparent, stable and predictable investment climate, with proper contract enforcement and respect for property rights, embedded in sound macroeconomic policies and institutions that allow businesses, both domestic and international, to operate efficiently and profitably and with maximum development impact. Special efforts are required in such priority areas as economic policy and regulatory frameworks for promoting and protecting investments, including the areas of human resource development, avoidance of double taxation, corporate governance, accounting standards, and the promotion of a competitive

[2] A/CONF.191/11.

[3] *Report of the Global Conference on the Sustainable Development of Small Island Developing States, Bridgetown, Barbados, 25 April-6 May 1994* (United Nations publication, Sales No. E.94.I.18 and corrigenda), chap. I, resolution 1, annex II.

environment. Other mechanisms, such as public/private partnerships and investment agreements, can be important. We emphasize the need for strengthened, adequately resourced technical assistance and productive capacity-building programmes, as requested by recipients.

22. To complement national efforts, there is the need for the relevant international and regional institutions as well as appropriate institutions in source countries to increase their support for private foreign investment in infrastructure development and other priority areas, including projects to bridge the digital divide, in developing countries and countries with economies in transition. To this end, it is important to provide export credits, co-financing, venture capital and other lending instruments, risk guarantees, leveraging aid resources, information on investment opportunities, business development services, forums to facilitate business contacts and cooperation between enterprises of developed and developing countries, as well as funding for feasibility studies. Inter-enterprise partnership is a powerful means for transfer and dissemination of technology. In this regard, strengthening of the multilateral and regional financial and development institutions is desirable. Additional source country measures should also be devised to encourage and facilitate investment flows to developing countries.

23. While Governments provide the framework for their operation, businesses, for their part, are expected to engage as reliable and consistent partners in the development process. We urge businesses to take into account not only the economic and financial but also the developmental, social, gender and environmental implications of their undertakings. In that spirit, we invite banks and other financial institutions, in developing countries as well as developed countries, to foster innovative developmental financing approaches. We welcome all efforts to encourage good corporate citizenship and note the initiative undertaken in the United Nations to promote global partnerships.

24. We will support new public/private sector financing mechanisms, both debt and equity, for developing countries and countries with economies in transition, to benefit in particular small entrepreneurs and small and medium-size enterprises and infrastructure. Those public/private initiatives could include the development of consultation mechanisms between international and regional financial organizations and national Governments with the private sector in both source and recipient countries as a means of creating business-enabling environments.

25. We underscore the need to sustain sufficient and stable private financial flows to developing countries and countries with economies in transition. It is important to promote measures in source and destination countries to improve transparency and the information about financial flows. Measures that mitigate the impact of excessive volatility of short-term capital flows are important and must be considered. Given each country's varying degree of national capacity, managing national external debt profiles, paying careful attention to currency and liquidity risk, strengthening prudential regulations and supervision of all financial institutions, including highly leveraged institutions, liberalizing capital flows in an orderly and well sequenced process consistent with development objectives, and implementation, on a progressive and voluntary basis, of codes and standards agreed internationally, are also important. We encourage public/private initiatives that enhance the ease of access, accuracy, timeliness and coverage of information on countries and financial markets, which strengthen capacities for risk assessment.

Multilateral financial institutions could provide further assistance for all those purposes.

## C. International trade as an engine for development

26. A universal, rule-based, open, non-discriminatory and equitable multilateral trading system, as well as meaningful trade liberalization, can substantially stimulate development worldwide, benefiting countries at all stages of development. In that regard, we reaffirm our commitment to trade liberalization and to ensure that trade plays its full part in promoting economic growth, employment and development for all. We thus welcome the decisions of the World Trade Organization to place the needs and interests of developing countries at the heart of its work programme, and commit ourselves to their implementation.

27. To benefit fully from trade, which in many cases is the single most important external source of development financing, the establishment or enhancement of appropriate institutions and policies in developing countries, as well as in countries with economies in transition, is needed. Meaningful trade liberalization is an important element in the sustainable development strategy of a country. Increased trade and foreign direct investment could boost economic growth and could be a significant source of employment.

28. We acknowledge the issues of particular concern to developing countries and countries with economies in transition in international trade to enhance their capacity to finance their development, including trade barriers, trade-distorting subsidies and other trade-distorting measures, particularly in sectors of special export interest to developing countries, including agriculture; the abuse of anti-dumping measures; technical barriers and sanitary and phytosanitary measures; trade liberalization in labour intensive manufactures; trade liberalization in agricultural products; trade in services; tariff peaks, high tariffs and tariff escalation, as well as non-tariff barriers; the movement of natural persons; the lack of recognition of intellectual property rights for the protection of traditional knowledge and folklore; the transfer of knowledge and technology; the implementation and interpretation of the Agreement on Trade-Related Aspects of Intellectual Property Rights[4] in a manner supportive of public health; and the need for special and differential treatment provisions for developing countries in trade agreements to be made more precise, effective and operational.

29. To ensure that world trade supports development to the benefit of all countries, we encourage the members of the World Trade Organization to implement the outcome of its Fourth Ministerial Conference, held in Doha, Qatar from 9 to 14 November 2001.

30. We also undertake to facilitate the accession of all developing countries, particularly the least developed countries, as well as countries with economies in transition, that apply for membership of the World Trade Organization.

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[4] *The Results of the Uruguay Round of Multilateral Trade Negotiations: The Legal Texts* (Geneva, GATT secretariat, 1994), annex 1C.

31. We will implement the commitments made in Doha to address the marginalization of the least developed countries in international trade as well as the work programme adopted to examine issues related to the trade of small economies.

32. We also commit ourselves to enhancing the role of regional and subregional agreements and free trade areas, consistent with the multilateral trading system, in the construction of a better world trading system. We urge international financial institutions, including the regional development banks, to continue to support projects that promote subregional and regional integration among developing countries and countries with economies in transition.

33. We recognize the importance of enhanced and predictable access to all markets for the exports of developing countries, including small island developing States, landlocked developing countries, transit developing countries and countries in Africa, as well as countries with economies in transition.

34. We call on developed countries that have not already done so to work towards the objective of duty-free and quota-free access for all least developed countries' exports, as envisaged in the Programme of Action for the Least Developed Countries adopted in Brussels. Consideration of proposals for developing countries to contribute to improved market access for least developed countries would also be helpful.

35. We further recognize the importance for developing countries as well as countries with economies in transition of considering reducing trade barriers among themselves.

36. In cooperation with the interested Governments and their financial institutions and to further support national efforts to benefit from trade opportunities and effectively integrate into the multilateral trading system, we invite multilateral and bilateral financial and development institutions to expand and coordinate their efforts, with increased resources, for gradually removing supply-side constraints; improve trade infrastructure; diversify export capacity and support an increase in the technological content of exports; strengthen institutional development and enhance overall productivity and competitiveness. To that end, we further invite bilateral donors and the international and regional financial institutions, together with the relevant United Nations agencies, funds and programmes, to reinforce the support for trade-related training, capacity and institution building and trade-supporting services. Special consideration should be given to least developed countries, landlocked developing countries, small island developing States, African development, transit developing countries and countries with economies in transition, including through the Integrated Framework for Trade-Related Technical Assistance to Least Developed Countries and its follow-up, the Joint Integrated Technical Assistance Programme, the World Trade Organization Doha Development Agenda Global Trust Fund, as well as the activities of the International Trade Centre.

37. Multilateral assistance is also needed to mitigate the consequences of depressed export revenues of countries that still depend heavily on commodity exports. Thus, we recognize the recent review of the International Monetary Fund Compensatory Financing Facility and will continue to assess its effectiveness. It is also important to empower developing country commodity producers to insure themselves against risk, including against natural disasters. We further invite

bilateral donors and multilateral aid agencies to strengthen their support to export diversification programmes in those countries.

38. In support of the process launched in Doha, immediate attention should go to strengthening and ensuring the meaningful and full participation of developing countries, especially the least developed countries, in multilateral trade negotiations. In particular, developing countries need assistance in order to participate effectively in the World Trade Organization work programme and negotiating process through the enhanced cooperation of all relevant stakeholders, including the United Nations Conference on Trade and Development, the World Trade Organization and the World Bank. To those ends, we underscore the importance of effective, secure and predictable financing of trade-related technical assistance and capacity-building.

## D. Increasing international financial and technical cooperation for development

39. Official development assistance (ODA) plays an essential role as a complement to other sources of financing for development, especially in those countries with the least capacity to attract private direct investment. ODA can help a country to reach adequate levels of domestic resource mobilization over an appropriate time horizon, while human capital, productive and export capacities are enhanced. ODA can be critical for improving the environment for private sector activity and can thus pave the way for robust growth. ODA is also a crucial instrument for supporting education, health, public infrastructure development, agriculture and rural development, and to enhance food security. For many countries in Africa, least developed countries, small island developing States and landlocked developing countries, ODA is still the largest source of external financing and is critical to the achievement of the development goals and targets of the Millennium Declaration and other internationally agreed development targets.

40. Effective partnerships among donors and recipients are based on the recognition of national leadership and ownership of development plans and, within that framework, sound policies and good governance at all levels are necessary to ensure ODA effectiveness. A major priority is to build those development partnerships, particularly in support of the neediest, and to maximize the poverty reduction impact of ODA. The goals, targets and commitments of the Millennium Declaration and other internationally agreed development targets can help countries to set short- and medium-term national priorities as the foundation for building partnerships for external support. In that context, we underline the importance of the United Nations funds, programmes and specialized agencies, and we will strongly support them.

41. We recognize that a substantial increase in ODA and other resources will be required if developing countries are to achieve the internationally agreed development goals and objectives, including those contained in the Millennium Declaration. To build support for ODA, we will cooperate to further improve policies and development strategies, both nationally and internationally, to enhance aid effectiveness.

42. In that context, we urge developed countries that have not done so to make concrete efforts towards the target of 0.7 per cent of gross national product (GNP) as ODA to developing countries and 0.15 to 0.20 per cent of GNP of developed

countries to least developed countries, as reconfirmed at the Third United Nations Conference on Least Developed Countries, and we encourage developing countries to build on progress achieved in ensuring that ODA is used effectively to help achieve development goals and targets. We acknowledge the efforts of all donors, commend those donors whose ODA contributions exceed, reach or are increasing towards the targets, and underline the importance of undertaking to examine the means and time frames for achieving the targets and goals.

43. Recipient and donor countries, as well as international institutions, should strive to make ODA more effective. In particular, there is a need for the multilateral and bilateral financial and development institutions to intensify efforts to:

- Harmonize their operational procedures at the highest standard so as to reduce transaction costs and make ODA disbursement and delivery more flexible, taking into account national development needs and objectives under the ownership of the recipient country;
- Support and enhance recent efforts and initiatives, such as untying aid, including the implementation of the Organisation for Economic Cooperation and Development/Development Assistance Committee recommendation on untying aid to the least developed countries, as agreed by the Organisation for Economic Cooperation and Development in May 2001. Further efforts should be made to address burdensome restrictions;
- Enhance the absorptive capacity and financial management of the recipient countries to utilize aid in order to promote the use of the most suitable aid delivery instruments that are responsive to the needs of developing countries and to the need for resource predictability, including budget support mechanisms, where appropriate, and in a fully consultative manner;
- Use development frameworks that are owned and driven by developing countries and that embody poverty reduction strategies, including poverty reduction strategy papers, as vehicles for aid delivery, upon request;
- Enhance recipient countries' input into and ownership of the design, including procurement, of technical assistance programmes; and increase the effective use of local technical assistance resources;
- Promote the use of ODA to leverage additional financing for development, such as foreign investment, trade and domestic resources;
- Strengthen triangular cooperation, including countries with economies in transition, and South-South cooperation, as delivery tools for assistance;
- Improve ODA targeting to the poor, coordination of aid and measurement of results.

We invite donors to take steps to apply the above measures in support of all developing countries, including immediately in support of the comprehensive strategy that is embodied in the New Partnership for Africa's Development and similar efforts in other regions, as well as in support of least developed countries, small island developing States and landlocked developing countries. We acknowledge and appreciate the discussions taking place in other forums on proposals to increase the concessionality of development financing, including greater use of grants.

44. We recognize the value of exploring innovative sources of finance provided that those sources do not unduly burden developing countries. In that regard, we agree to study, in the appropriate forums, the results of the analysis requested from the Secretary-General on possible innovative sources of finance, noting the proposal to use special drawing rights allocations for development purposes. We consider that any assessment of special drawing rights allocations must respect the International Monetary Fund's Articles of Agreement and the established rules of procedure of the Fund, which requires taking into account the global need for liquidity at the international level.

45. Multilateral and regional development banks continue to play a vital role in serving the development needs of developing countries and countries with economies in transition. They should contribute to providing an adequate supply of finance to countries that are challenged by poverty, follow sound economic policies and may lack adequate access to capital markets. They should also mitigate the impact of excessive volatility of financial markets. Strengthened regional development banks and subregional financial institutions add flexible financial support to national and regional development efforts, enhancing ownership and overall efficiency. They also serve as a vital source of knowledge and expertise on economic growth and development for their developing member countries.

46. We will ensure that the long-term resources at the disposal of the international financial system, including regional and subregional institutions and funds, allow them to adequately support sustained economic and social development, technical assistance for capacity-building, and social and environmental protection schemes. We will also continue to enhance their overall lending effectiveness through increased country ownership, operations that raise productivity and yield measurable results in reducing poverty, and closer coordination with donors and the private sector.

## E. External debt

47. Sustainable debt financing is an important element for mobilizing resources for public and private investment. National comprehensive strategies to monitor and manage external liabilities, embedded in the domestic preconditions for debt sustainability, including sound macroeconomic policies and public resource management, are a key element in reducing national vulnerabilities. Debtors and creditors must share the responsibility for preventing and resolving unsustainable debt situations. Technical assistance for external debt management and debt tracking can play an important role and should be strengthened.

48. External debt relief can play a key role in liberating resources that can then be directed towards activities consistent with attaining sustainable growth and development, and therefore, debt relief measures should, where appropriate, be pursued vigorously and expeditiously, including within the Paris and London Clubs and other relevant forums. Noting the importance of re-establishing financial viability for those developing countries facing unsustainable debt burdens, we welcome initiatives that have been undertaken to reduce outstanding indebtedness and invite further national and international measures in that regard, including, as appropriate, debt cancellation and other arrangements.

49. The enhanced Heavily Indebted Poor Countries Initiative provides an opportunity to strengthen the economic prospects and poverty reduction efforts of its beneficiary countries. Speedy, effective and full implementation of the enhanced Initiative, which should be fully financed through additional resources, is critical. Heavily indebted poor countries should take the policy measures necessary to become eligible for the Initiative. Future reviews of debt sustainability should also bear in mind the impact of debt relief on progress towards the achievement of the development goals contained in the Millennium Declaration. We stress the importance of continued flexibility with regard to the eligibility criteria. Continued efforts are needed to reduce the debt burden of heavily indebted poor countries to sustainable levels. The computational procedures and assumptions underlying debt sustainability analysis need to be kept under review. Debt sustainability analysis at the completion point needs to take into account any worsening global growth prospects and declining terms of trade. Debt relief arrangements should seek to avoid imposing any unfair burdens on other developing countries.

50. We stress the need for the International Monetary Fund and the World Bank to consider any fundamental changes in countries' debt sustainability caused by natural catastrophes, severe terms of trade shocks or conflict, when making policy recommendations, including for debt relief, as appropriate.

51. While recognizing that a flexible mix of instruments is needed to respond appropriately to countries' different economic circumstances and capacities, we emphasize the importance of putting in place a set of clear principles for the management and resolution of financial crises that provide for fair burden-sharing between public and private sectors and between debtors, creditors and investors. We encourage donor countries to take steps to ensure that resources provided for debt relief do not detract from ODA resources intended to be available for developing countries. We also encourage exploring innovative mechanisms to comprehensively address debt problems of developing countries, including middle-income countries and countries with economies in transition.

## F. Addressing systemic issues: enhancing the coherence and consistency of the international monetary, financial and trading systems in support of development

52. In order to complement national development efforts, we recognize the urgent need to enhance coherence, governance, and consistency of the international monetary, financial and trading systems. To contribute to that end, we underline the importance of continuing to improve global economic governance and to strengthen the United Nations leadership role in promoting development. With the same purpose, efforts should be strengthened at the national level to enhance coordination among all relevant ministries and institutions. Similarly, we should encourage policy and programme coordination of international institutions and coherence at the operational and international levels to meet the Millennium Declaration development goals of sustained economic growth, poverty eradication and sustainable development.

53. Important international efforts are under way to reform the international financial architecture. Those efforts need to be sustained with greater transparency and the effective participation of developing countries and countries with economies

in transition. One major objective of the reform is to enhance financing for development and poverty eradication. We also underscore our commitment to sound domestic financial sectors, which make a vital contribution to national development efforts, as an important component of an international financial architecture that is supportive of development.

54. Strong coordination of macroeconomic policies among the leading industrial countries is critical to greater global stability and reduced exchange rate volatility, which are essential to economic growth as well as for enhanced and predictable financial flows to developing countries and countries with economies in transition.

55. The multilateral financial institutions, in particular the International Monetary Fund, need to continue to give high priority to the identification and prevention of potential crises and to strengthening the underpinnings of international financial stability. In that regard, we stress the need for the Fund to further strengthen its surveillance activities of all economies, with particular attention to short-term capital flows and their impact. We encourage the International Monetary Fund to facilitate the timely detection of external vulnerability through well designed surveillance and early warning systems and to coordinate closely with relevant regional institutions or organizations, including the regional commissions.

56. We stress the need for multilateral financial institutions, in providing policy advice and financial support, to work on the basis of sound, nationally owned paths of reform that take into account the needs of the poor and efforts to reduce poverty, and to pay due regard to the special needs and implementing capacities of developing countries and countries with economies in transition, aiming at economic growth and sustainable development. The advice should take into account social costs of adjustment programmes, which should be designed to minimize negative impact on the vulnerable segments of society.

57. It is essential to ensure the effective and equitable participation of developing countries in the formulation of financial standards and codes. It is also essential to ensure implementation, on a voluntary and progressive basis, as a contribution to reducing vulnerability to financial crisis and contagion.

58. Sovereign risk assessments made by the private sector should maximize the use of strict, objective and transparent parameters, which can be facilitated by high-quality data and analysis.

59. Noting the impact of financial crisis or risk of contagion in developing countries and countries with economies in transition, regardless of their size, we underline the need to ensure that the international financial institutions, including the International Monetary Fund, have a suitable array of financial facilities and resources to respond in a timely and appropriate way in accordance with their policies. The International Monetary Fund has a range of instruments available and its current financial position is strong. The contingent credit line is an important signal of the strength of countries' policies and a safeguard against contagion in financial markets. The need for special drawing rights allocations should be kept under review. In that regard, we also underline the need to enhance the stabilizing role of regional and subregional reserve funds, swap arrangements and similar mechanisms that complement the efforts of international financial institutions.

60. To promote fair burden-sharing and minimize moral hazard, we would welcome consideration by all relevant stakeholders of an international debt workout mechanism, in the appropriate forums, that will engage debtors and creditors to come together to restructure unsustainable debts in a timely and efficient manner. Adoption of such a mechanism should not preclude emergency financing in times of crisis.

61. Good governance at all levels is also essential for sustained economic growth, poverty eradication and sustainable development worldwide. To better reflect the growth of interdependence and enhance legitimacy, economic governance needs to develop in two areas: broadening the base for decision-making on issues of development concern and filling organizational gaps. To complement and consolidate advances in those two areas, we must strengthen the United Nations system and other multilateral institutions. We encourage all international organizations to seek to continually improve their operations and interactions.

62. We stress the need to broaden and strengthen the participation of developing countries and countries with economies in transition in international economic decision-making and norm-setting. To those ends, we also welcome further actions to help developing countries and countries with economies in transition to build their capacity to participate effectively in multilateral forums.

63. A first priority is to find pragmatic and innovative ways to further enhance the effective participation of developing countries and countries with economies in transition in international dialogues and decision-making processes. Within the mandates and means of the respective institutions and forums, we encourage the following actions:

- International Monetary Fund and World Bank: to continue to enhance participation of all developing countries and countries with economies in transition in their decision-making, and thereby to strengthen the international dialogue and the work of those institutions as they address the development needs and concerns of these countries;
- World Trade Organization: to ensure that any consultation is representative of its full membership and that participation is based on clear, simple and objective criteria;
- Bank for International Settlements, Basel Committees and Financial Stability Forum: to continue enhancing their outreach and consultation efforts with developing countries and countries with economies in transition at the regional level, and to review their membership, as appropriate, to allow for adequate participation;
- Ad hoc groupings that make policy recommendations with global implications: to continue to improve their outreach to non-member countries, and to enhance collaboration with the multilateral institutions with clearly defined and broad-based intergovernmental mandates.

64. To strengthen the effectiveness of the global economic system's support for development, we encourage the following actions:

- Improve the relationship between the United Nations and the World Trade Organization for development, and strengthen their capacity to provide technical assistance to all countries in need of such assistance;

- Support the International Labour Organization and encourage its ongoing work on the social dimension of globalization;
- Strengthen the coordination of the United Nations system and all other multilateral financial, trade and development institutions to support economic growth, poverty eradication and sustainable development worldwide;
- Mainstream the gender perspective into development policies at all levels and in all sectors;
- Strengthen international tax cooperation, through enhanced dialogue among national tax authorities and greater coordination of the work of the concerned multilateral bodies and relevant regional organizations, giving special attention to the needs of developing countries and countries with economies in transition;
- Promote the role of the regional commissions and the regional development banks in supporting policy dialogue among countries at the regional level on macroeconomic, financial, trade and development issues.

65. We commit ourselves to negotiating and finalizing as soon as possible a United Nations convention against corruption in all its aspects, including the question of repatriation of funds illicitly acquired to countries of origin, and also to promoting stronger cooperation to eliminate money-laundering. We encourage States that have not yet done so to consider signature and ratification of the United Nations Convention against Transnational Organized Crime.[5]

66. We urge as a matter of priority all States that have not yet done so to consider becoming parties to the International Convention for the Suppression of the Financing of Terrorism,[6] and call for increased cooperation with the same objective.

67. We attach priority to reinvigorating the United Nations system as fundamental to the promotion of international cooperation for development and to a global economic system that works for all. We reaffirm our commitment to enabling the General Assembly to play effectively its central role as the chief deliberative, policy-making and representative organ of the United Nations, and to further strengthening the Economic and Social Council to enable it to fulfil the role ascribed to it in the Charter of the United Nations.

# III. Staying engaged

68. To build a global alliance for development will require an unremitting effort. We thus commit ourselves to keeping fully engaged, nationally, regionally and internationally, to ensuring proper follow-up to the implementation of agreements and commitments reached at the present Conference, and to continuing to build bridges between development, finance, and trade organizations and initiatives, within the framework of the holistic agenda of the Conference. Greater cooperation among existing institutions is needed, based on a clear understanding and respect for their respective mandates and governance structures.

[5] General Assembly resolution 55/25.

[6] General Assembly resolution 54/109, annex.

69. Building on the successful experience of the Conference and the process leading up to it, we shall strengthen and make fuller use of the General Assembly and the Economic and Social Council, as well as the relevant intergovernmental/governing bodies of other institutional stakeholders, for the purposes of conference follow-up and coordination, by substantively connecting, in ascending series, the following elements:

(a) Interactions between representatives of the Economic and Social Council and the directors of the executive boards of the World Bank and the International Monetary Fund can serve as preliminary exchanges on matters related to follow-up to the Conference and preparations for the annual spring meeting between those institutions. Similar interactions can also be initiated with representatives of the appropriate intergovernmental body of the World Trade Organization;

(b) We encourage the United Nations, the World Bank and the International Monetary Fund, with the World Trade Organization, to address issues of coherence, coordination and cooperation, as a follow-up to the Conference, at the spring meeting between the Economic and Social Council and the Bretton Woods institutions. The meeting should include an intergovernmental segment to address an agenda agreed to by the participating organizations, as well as a dialogue with civil society and the private sector;

(c) The current high-level dialogue on strengthening international cooperation for development through partnership, held every two years in the General Assembly, would consider the financing for development-related reports coming from the Economic and Social Council and other bodies, as well as other financing for development-related issues. It would be reconstituted to enable it to become the intergovernmental focal point for the general follow-up to the Conference and related issues. The high-level dialogue would include a policy dialogue, with the participation of the relevant stakeholders, on the implementation of the results of the Conference, including the theme of coherence and consistency of the international monetary, financial and trading systems in support of development;

(d) Appropriate modalities to enable participation in the reconstituted high-level dialogue by all relevant stakeholders, as necessary, will be considered.

70. To support the above elements at the national, regional and international levels, we resolve:

- To continue to improve our domestic policy coherence through the continued engagement of our ministries of development, finance, trade and foreign affairs, as well as our central banks;
- To harness the active support of the regional commissions and the regional development banks;
- To keep the financing for development process on the agenda of the intergovernmental bodies of all main stakeholders, including all United Nations funds, programmes and agencies, including the United Nations Conference on Trade and Development.

71. We recognize the link between financing of development and attaining internationally agreed development goals and objectives, including those contained in the Millennium Declaration, in measuring development progress and helping to

guide development priorities. We welcome in that regard the intention of the United Nations to prepare a report annually. We encourage close cooperation between the United Nations, the World Bank, the International Monetary Fund and the World Trade Organization in the preparation of that report. We shall support the United Nations in the implementation of a global information campaign on the internationally agreed development goals and objectives, including those contained in the Millennium Declaration. In that respect, we would like to encourage the active involvement of all relevant stakeholders, including civil society organizations and the private sector.

72. To underpin those efforts, we request the Secretary-General of the United Nations to provide — with collaboration from the secretariats of the major institutional stakeholders concerned, fully utilizing the United Nations System Chief Executives Board for Coordination mechanism — sustained follow-up within the United Nations system to the agreements and commitments reached at the present Conference and to ensure effective secretariat support. That support will build on the innovative and participatory modalities and related coordination arrangements utilized in the preparations of the Conference. The Secretary-General of the United Nations is further requested to submit an annual report on those follow-up efforts.

73. We call for a follow-up international conference to review the implementation of the Monterrey Consensus. The modalities of that conference shall be decided upon not later than 2005.

## Resolution 2*

## Expression of thanks to the people and Government of Mexico

*The International Conference on Financing for Development*,

*Having met* in Monterrey, Mexico, from 18 to 22 March 2002, at the invitation of the Government of Mexico,

1. *Expresses its deep appreciation* to His Excellency Vicente Fox, President of Mexico, for his outstanding contribution, as President of the International Conference on Financing for Development, to the successful outcome of the Conference;

2. *Expresses its profound gratitude* to the Government of Mexico for having made it possible for the Conference to be held in Mexico and for the excellent facilities, staff and services so graciously placed at its disposal;

3. *Requests* the Government of Mexico to convey to the city of Monterrey and to the people of Mexico the gratitude of the Conference for the hospitality and warm welcome extended to the participants.

* Adopted at the 6th plenary meeting, on 22 March 2002; for the discussion, see chap. IX.

## Resolution 3*

## Credentials of representatives to the International Conference on Financing for Development

*The International Conference on Financing for Development,*

*Having considered* the report of the Credentials Committee and the recommendation contained therein,

*Approves* the report of the Credentials Committee.

* Adopted at the 6th plenary meeting, on 22 March 2002; for the discussion, see chap. VII.

# Chapter II
# Attendance and organization of work

## A. Date and place of the Conference

1. The International Conference on Financing for Development was held at Monterrey, Mexico, from 18 to 22 March 2002, in conformity with General Assembly resolutions 55/245 A and 55/245 B of 21 March 2001. The Conference held 6 plenary meetings.

## B. Attendance

2. The following States were represented at the Conference:

Afghanistan
Albania
Algeria
Andorra
Angola
Antigua and Barbuda
Argentina
Armenia
Australia
Austria
Azerbaijan
Bahamas
Bahrain
Bangladesh
Barbados
Belarus
Belgium
Belize
Benin
Bhutan
Bolivia
Bosnia and Herzegovina
Botswana
Brazil
Brunei Darussalam
Bulgaria
Burkina Faso
Burundi
Cambodia
Cameroon
Canada
Cape Verde
Central African Republic
Chad
Chile
China
Colombia
Comoros
Congo
Cook Islands
Costa Rica
Côte d'Ivoire
Croatia
Cuba
Cyprus
Czech Republic
Denmark
Djibouti
Dominican Republic
Ecuador
Egypt
El Salvador
Equatorial Guinea
Eritrea
Estonia
Ethiopia
European Community
Fiji
Finland
France
Gabon
Gambia
Georgia
Germany
Ghana
Greece
Grenada
Guatemala
Guinea
Guinea-Bissau
Guyana
Haiti
Holy See
Honduras

Hungary
Iceland
India
Indonesia
Iran (Islamic Republic of)
Iraq
Ireland
Israel
Italy
Jamaica
Japan
Jordan
Kazakhstan
Kenya
Kuwait
Kyrgyzstan
Lao People's Democratic Republic
Latvia
Lebanon
Lesotho
Libyan Arab Jamahiriya
Liechtenstein
Lithuania
Luxembourg
Madagascar
Malawi
Malaysia
Maldives
Mali
Malta
Marshall Islands
Mauritania
Mauritius
Mexico
Micronesia (Federated States of)
Monaco
Mongolia
Morocco
Mozambique
Myanmar
Namibia
Nauru
Nepal
Netherlands
New Zealand
Nicaragua
Niger
Nigeria
Norway
Oman
Pakistan
Palau
Panama
Paraguay
Peru
Philippines
Poland
Portugal
Qatar
Republic of Korea
Republic of Moldova
Romania
Russian Federation
Rwanda
Saint Kitts and Nevis
Saint Lucia
Saint Vincent and the Grenadines
Samoa
Saudi Arabia
Senegal
Seychelles
Sierra Leone
Singapore
Slovakia
Slovenia
Solomon Islands
Somalia
South Africa
Spain
Sri Lanka
Sudan
Suriname
Swaziland
Sweden
Switzerland
Syrian Arab Republic
Thailand
The former Yugoslav Republic of Macedonia
Togo
Tonga
Trinidad and Tobago
Tunisia
Turkey
Turkmenistan
Tuvalu
Uganda
Ukraine
United Arab Emirates
United Kingdom of Great Britain and Northern Ireland
United Republic of Tanzania
United States of America
Uruguay
Venezuela
Viet Nam

Yemen
Yugoslavia
Zambia
Zimbabwe

3. The following associate members of the regional commissions were represented by observers: Puerto Rico and United States Virgin Islands.

4. The secretariats of the following regional commissions were represented:

Economic Commission for Europe

Economic and Social Commission for Asia and the Pacific

Economic Commission for Latin America and the Caribbean

Economic Commission for Africa

Economic and Social Commission for Western Asia

5. The following United Nations bodies and programmes were represented:

United Nations

United Nations Conference on Trade and Development

United Nations Development Programme

United Nations Centre for Human Settlements

United Nations Environment Programme

United Nations Children's Fund

United Nations Population Fund

World Food Programme

United Nations Development Fund for Women

Joint United Nations Programme on HIV/AIDS

6. The following specialized agencies and related organizations were represented:

International Labour Organization

Food and Agriculture Organization of the United Nations

World Health Organization

World Bank

International Monetary Fund

World Intellectual Property Organization

International Fund for Agricultural Development

United Nations Industrial Development Organization

World Trade Organization

7. The following intergovernmental organizations were represented:

Andean Community

Arab Bank for Economic Development in Africa

African Development Bank

Asian Development Bank

Caribbean Community

Central American Bank for Economic Integration

Common Fund for Commodities

Commonwealth Secretariat

Council of Europe Development Bank

European Bank for Reconstruction and Development

Eastern Caribbean Central Bank

European Commission

Financial Stability Forum

Inter-American Development Bank

International Organization of the Francophonie

International Federation of Red Cross and Red Crescent Societies

International Union for the Conservation of Nature and Natural Resources

Interparliamentary Union

The OPEC Fund for International Development

Organization of African Unity

Organization for Economic Cooperation and Development

8. The Preparatory Committee for the Conference accredited a number of business entities/organizations to the substantive preparatory process and the Conference. The accredited business entities/organizations are listed in documents A/AC.257/30 and Add.1 and 2; additional accreditations are listed in decision 4/7 of the Preparatory Committee (see A/CONF.198/5, chap. VIII, sect. B).

9. A large number of non-governmental organizations attended the Conference. The accredited non-governmental organizations are listed in documents A/AC.257/10 and Add.1-5, and in Committee decision 4/6 (see A/CONF.198/5, chap. VIII, sect. B). The Conference also accredited two additional non-governmental organizations (see para. 16 below).

10. Other entities having received a standing invitation and participating as observers are the International Federation of Red Cross and Red Crescent Societies and the Sovereign Military Order of Malta.

## C. Opening of the Conference and election of the President of the Conference and Co-Presidents of the high-level and ministerial segments

11. The Conference was declared open by the Under-Secretary-General for Economic and Social Affairs on behalf of the Secretary-General of the United Nations.

12. At the 1st plenary meeting, on 18 March, the Under-Secretary-General, on behalf of the Secretary-General, presided over the election of the following officers by acclamation:

*President of the Conference*

Vicente Fox, President of Mexico

*Co-Presidents of the ministerial segment*

Jorge G. Castañeda Gutman, Minister of Foreign Affairs of Mexico, Francisco Gil Diaz, Minister of Finance of Mexico, and Luis Ernesto Derbez Bautista, Minister of Trade of Mexico

*Co-Presidents of the high-level officials segment*

Miguel Hakim Simón, Vice Minister of Foreign Affairs of Mexico, Agustin Carstens Carstens, Vice Minister of Finance of Mexico, and Luis Fernando de la Calle, Vice-Minister of Trade of Mexico

## D. Adoption of the rules of procedure

13. At its 1st plenary meeting, on 18 March, on the recommendation of its Preparatory Committee and as approved by the General Assembly in its decision 56/446, the Conference adopted the provisional rules of procedure (A/CONF.198/2).

## E. Adoption of the agenda and other organizational matters

14. At its 1st plenary meeting, on 18 March, the Conference adopted the provisional agenda (A/CONF.198/1/Rev.1) as recommended by its Preparatory Committee in its decision 4/2 (see A/CONF.198/5, chap. VIII, sect. A). The agenda as adopted was as follows:

1. Opening of the Conference.
2. Election of the President.
3. Adoption of the rules of procedure.
4. Adoption of the agenda and other organizational matters.
5. Election of officers other than the President.
6. Organization of work, including the establishment of [the Main Committee,] the high-level officials segment, the ministerial segment and the summit segment.

7. Credentials of representatives to the Conference:
   (a) Appointment of members of the Credentials Committee;
   (b) Report of the Credentials Committee.
8. High-level officials segment:
   (a) General exchange of views;
   (b) Consideration of the draft Monterrey consensus;
   (c) Reports on activities by relevant stakeholders.
9. Ministerial segment:
   (a) General exchange of views;
   (b) Consideration of the draft Monterrey consensus;
   (c) Reports of business and civil society forums;
   (d) Ministerial round tables.
10. Summit segment:
   (a) General exchange of views;
   (b) Consideration of the draft Monterrey consensus;
   (c) Summit round tables.
11. Adoption of the Monterrey Consensus.
12. Adoption of the report of the Conference.

## F. Accreditation of intergovernmental organizations

15. At its 1st plenary meeting, on 18 March, the Conference approved the accreditation of the following six intergovernmental organizations as recommended by the Bureau of its Preparatory Committee: Commonwealth Foundation, Banque des états de l'Afrique centrale, Partners in Population and Development: a South-South Initiative, International Association of Economic and Social Councils and Similar Institutions, Eastern Caribbean Central Bank and Financial Stability Forum.

## G. Accreditation of non-governmental organizations

16. At its 1st plenary meeting, on 18 March, the Conference approved the accreditation of the following two non-governmental organizations as recommended by the Bureau of its Preparatory Committee: Institute for International Economics, Center for Global Development.

## H. Election of officers other than the President

17. At the 1st plenary meeting, on 18 March, the Co-President informed the Conference of the recommendations concerning the composition of the General Committee and the distribution of posts therein.

18. At the same meeting, the Conference elected Vice-Presidents from the following regional groups:

*African Group of States*
(five Vice-Presidents) Cameroon, Egypt, Ghana, Sudan, Namibia

*Asian Group of States*
(five Vice-Presidents) Bangladesh, Islamic Republic of Iran, Japan, Pakistan, Thailand

*Eastern European Group of States*
(five Vice-Presidents) Bulgaria, Czech Republic, Poland, Romania, the former Yugoslav Republic of Macedonia

*Latin American and Caribbean Group of States*
(four Vice-Presidents) Chile, El Salvador, Saint Lucia, Trinidad and Tobago

*Western European and other States*
(five Vice-Presidents) Denmark, France, Sweden, Turkey, United States of America

19. At the same meeting, the Conference also elected an ex officio Vice-President from the host country, Jorge Castañeda Gutman, Minister of Foreign Affairs of Mexico.

20. Also at the same meeting, the Co-President informed the Conference that more consultations were needed to elect one of the Vice-Presidents of the Conference to also serve as Rapporteur-General of the Conference.

21. At its 4th plenary meeting, on 21 March 2002, the Conference elected Hazem Fahmy (Egypt) the Rapporteur-General of the Conference.

## I. Organization of work, including the establishment of [the Main Committee,] the high-level officials segment, the ministerial segment and the summit segment

22. At the 1st plenary meeting, on 18 March, in accordance with the recommendations of the Preparatory Committee contained in its decision 4/3 (see A/CONF.198/5, chap. VIII, sect. A), the Conference approved its organization of work as contained in document A/CONF.198/4/Rev.1.

23. At the same meeting, the Conference endorsed the proposals contained in document A/CONF.198/4/Rev.1 regarding the exchange of views and the composition of the Bureau of the General Committee and the high-level officials, ministerial and summit segments.

24. Also at the same meeting, the Conference approved the proposed timetable of work for the Conference as contained in document A/CONF.198/4/Rev.1 and orally revised.

## J. Credentials of representatives to the Conference

25. At the 1st plenary meeting, on 18 March, in accordance with rule 4 of the rules of procedure of the Conference and on the proposal of the Co-Chairman, it was decided that the composition of the Credentials Committee would be based on that of the Credentials Committee of the General Assembly of the United Nations at its fifty-sixth session, as follows: China, Denmark, Jamaica, Lesotho, Russian Federation, Senegal, Singapore, United States of America and Uruguay. With regard to the report of the Credentials Committee, it was the understanding that if one of those States did not participate in the Conference, it would be replaced by another State from the same regional group.

# Chapter III
# Report of the high-level officials segment

1. At its 1st plenary meeting, on 18 March, in accordance with the recommendations of the Preparatory Committee contained in its decision 4/3 (see A/CONF.198/5, chap. VIII, sect. A), the Conference approved the organization of work as set out in document A/CONF.198/4/Rev.1, and decided to establish a high-level officials segment. The Conference also decided to allocate agenda item 8, "High-level officials segment", to the high-level officials segment.

## A. General exchange of views

2. At its 1st plenary meeting, on 18 March, the high-level officials segment considered agenda item 8 (a), "General exchange of views", and heard statements by the Executive Secretaries of the Economic Commission for Europe, the Economic and Social Commission for Asia and the Pacific, the Economic Commission for Latin America and the Caribbean, the Economic Commission for Africa and the Economic and Social Commission for Western Asia.

3. At the 2nd plenary meeting, on 18 March, statements were made by the Vice-President of the Islamic Development Bank and the Vice-Governor of the Development Bank of the Council of Europe.

## B. Consideration of the draft Monterrey Consensus

4. At the 1st plenary meeting, on 18 March, the high-level officials segment considered agenda item 8 (b), "Consideration of the draft Monterrey Consensus"; for its consideration of the sub-item, it had before it a note by the Secretariat transmitting the draft outcome of the Conference (A/CONF.198/3).

5. At the same meeting, the high-level segment approved the draft Monterrey Consensus as contained in document A/CONF.198/3 and transmitted it to the ministerial segment for its consideration.

## C. Reports on activities by relevant stakeholders

6. At the 1st plenary meeting, on 18 March, the high-level officials segment considered agenda item 8 (c), "Reports on activities by relevant stakeholders", and heard statements by the Co-Chairmen of the Preparatory Committee for the Conference.

7. At the 2nd plenary meeting, on 18 March, statements were made by the Chairman of the Commission on Sustainable Development acting as the preparatory committee for the World Summit for Sustainable Development and the Co-Chairpersons of the Ministerial Seminar of the Global Environment Facility.

# Chapter IV
# Report of the Ministerial segment

1. At its 2nd meeting, on 18 March, the Conference, in accordance with the recommendations of the Preparatory Committee contained in its decision 4/3 (see A/CONF.198/5, chap. VIII, sect. A), approved the organization of work as set out in document A/CONF.198/4/Rev.1, and decided to establish a ministerial segment. The Conference also decided to allocate agenda item 9, "Ministerial segment", to the ministerial segment.

## A. General exchange of views

2. At the 2nd meeting, on 18 March, the ministerial segment considered agenda item 9 (a), "General exchange of views", and heard statements by the following representatives of intergovernmental economic, financial, monetary and trade bodies and regional development banks: the Chairman of the Development Committee, the President of the Economic and Social Council, the Chairman of the G-10, the Chairman of the G-20, the Chairman of the G-24, the Chairman of the Financial Stability Forum and the representative of the Asian Development Bank.

3. At the same meeting, statements were made by the following representatives of United Nations bodies and intergovernmental organizations: the Administrator of the United Nations Development Programme (UNDP), the Secretary-General of the United Nations Conference on Trade and Development (UNCTAD), the President of the International Fund for Agricultural Development (IFAD), the Executive Director of the United Nations Children's Fund (UNICEF), the Executive Director of the United Nations Environment Programme (UNEP), the Director-General of the United Nations Industrial Development Organization (UNIDO), the Executive Director of the United Nations Population Fund (UNFPA), the Deputy Secretary-General of the Organisation for Economic Cooperation and Development (OECD), the Assistant Secretary-General of the Organization of African Unity, the Assistant Secretary-General of the Caribbean Community (CARICOM), the Chief Economist of the Commonwealth Secretariat, the head of delegation of the Organisation Internationale de la Francophonie, the Managing Director of the Common Fund for Commodities, the President of the Latin American Parliament, the Executive Director of the United Nations Human Settlements Programme (Habitat), the Assistant Director-General of the Food and Agriculture Organization of the United Nations (FAO), the Deputy Executive Director of the World Food Programme (WFP), the Executive Director of the United Nations Development Fund for Women (UNIFEM), the head of delegation of the International Labour Organization (ILO), the Director of Strategy of the World Health Organization and the Director-General of the Global Programme HIV/AIDS.

## B. Report of business and civil society forums

4. At the second meeting, on 18 March, the ministerial segment considered agenda item 9 (c), "Report of business and civil society forums", and heard statements by the Secretary-General of the International Chamber of Commerce (on behalf of the International Business Forum), the President of ALCADECO (on

behalf of the Civil Society Forum), the representative of the Mexican Senate (on behalf of the Parliamentarians Forum) and the Mayor of Monterrey (on behalf of the Local Authorities Forum).

## C. Consideration of the draft Monterrey Consensus

5. At the second meeting, on 18 March, the ministerial segment considered sub-item 9 (b), "Consideration of the draft Monterrey Consensus"; for its consideration of the sub-items, it had before it a note by the Secretariat transmitting the draft outcome of the Conference (A/CONF.198/3), which it transmitted to the summit segment for adoption.

## D. Ministerial round tables

6. In accordance with General Assembly decision 56/445 the ministerial segment held eight multi-stakeholder round tables: on Tuesday, 19 March, and Wednesday, 20 March, two simultaneous round tables were held each morning and afternoon. The theme of the ministerial round tables held on 19 March was "Partnerships in financing for development"; the theme for those held on 20 March was "Coherence for development". An account of the ministerial round tables is set out below.

### Ministerial round table A.1

### Partnership in financing for development

7. The Co-Chairmen of round table A.1, Paa Kwesi Nduom, Minister for Economic Planning and Regional Cooperation (Ghana), Charles Josselin, Minister for Cooperation and Francophonie (France), and Heidemarie Wieczorek-Zeul, Federal Minister of Economic Cooperation and Development (Germany), opened the ministerial round table and made introductory statements.

8. Statements were made by the representatives of Algeria, Antigua and Barbuda, the Republic of Korea, Argentina, Canada, Bolivia, the United States of America, Viet Nam, Nepal, Greece, Samoa, Bhutan, China, Norway, Ukraine, Sri Lanka, Portugal, Burkina Faso, Bangladesh, Brazil, Lithuania, Belize, Angola, Botswana, Chile, Cape Verde and the Sudan.

9. Statements were made by the following institutional stakeholder participants: Economic and Social Commission for West Asia, United Nations Industrial Development Organization, World Bank and International Monetary Fund.

10. Statements were made by the following business sector participants: Suez Infrastructure Leasing and Financial Services, Deutsche Bank Research, and Barra Mexicana Colegio de Abogados, Von Wobeser y Sierra.

11. Statements were made by the following civil society participants: United Nations Association — Dominican Republic, Friedrich Ebert Foundation, United Nations Association — Denmark, Asociación de Economistas de America Latina y el Caribe/Brasil, International Gender and Trade Network, Center of Concern, and Forum for African Alternatives (EcuTeam). The Co-Chairmen made concluding remarks.

12. The summary prepared by the Co-Chairmen (A/CONF.198/8/Add.4) read as follows:

"1. We began with a fundamental agreement: attaining the millennium development goals is a most urgent priority and partnership is at the root of the system of international cooperation that can turn those goals into reality. Ministers and senior officials of Governments, senior representatives of international organizations, business leaders and representatives of non-governmental organizations were thus able to hold a rich and focused round-table discussion on how to maximize the effectiveness of the contributions to financing for development of a wide variety of traditional and innovative partnerships between official entities, and between official entities and private enterprises and civil society.

**"Public-public partnerships**

"2. The vast majority of speakers expressed their concern about the inadequacy of official development assistance to developing countries in the face of the urgent need to meet the targets agreed by the international community at the Millennium Summit of the United Nations General Assembly. It was recognized that despite their efforts, some developing countries will not be able to attract enough private capital flows or to amass sufficient domestic resources to finance their developmental needs. For those countries, ODA will continue to be an important source of resources. While welcoming recently announced ODA initiatives, speakers urged donor countries to increase both the level and the efficiency of ODA for the mutual benefit of both donor and recipient countries.

"3. It was recognized that ODA resources have not always been targeted at the poorer countries but have often been driven by geopolitical considerations. In that respect, it was suggested that donor ODA practices and policies need to be changed. The need was underlined for increased coordination among donor countries to support the priorities and programmes of recipient countries and efficient public partnerships. A long-term planning framework, such as the poverty reduction strategy paper, should originate in the recipient country and be the basis for increased dialogue and consultation between the recipient country and its donors. Transparency and accountability are essential for the success of that process.

"4. Participants stressed the need to improve the policy coherence and consistency of donor countries as a means to improve ODA efficiency. While welcoming recent initiatives in that area, such as the Cotonou Agreement of the European Union and the African, Caribbean and Pacific Group of developing countries and the African Growth and Opportunity Act of the United States, several speakers voiced their concern about ongoing protectionist practices in donor countries, which mitigate the potential positive impact that ODA can have on developing countries and reduce opportunities for faster economic growth through increased trade. In addition, the view was expressed that such practices indicate a lack of commitment to trade liberalization, a condition often imposed on developing countries in their negotiations with international financial organizations, and could represent a

serious impediment to the new development agenda for trade negotiations launched in Doha in November 2001.

"5. Lack of market access by developing countries to the markets of developed countries is considered a great obstacle to development. At the same time, additional efforts are necessary to overcome supply-side constraints in developing countries and enhance their productive capacities.

"6. The importance of regional integration was also highlighted, as well as the possibility that public-public partnerships could be explored to provide solutions to common problems not only in the economic domain but also in the areas of health and education, among others. Several speakers placed great hopes on the New Partnership for Africa's Development as an answer to the continent's developmental quest. While the Partnership is a home-grown initiative, there is recognition that African countries will need assistance in the implementation process. Accordingly, the Partnership could be considered as a model for a new framework of cooperation among major development partners.

"7. Several participants expressed support for the proposal that ODA be used to promote foreign direct investment and facilitate the integration of developing countries in international trade. Such measures would maximize potential synergies in the generation of additional resources for development. In that sense, capacity-building is considered essential.

"8. Speakers also expressed their concern that the conditionality for official flows to developing countries is not uniformly applied, and they urged greater consistency of such requirements. In addition, it was felt that conditionality should not go beyond what has been agreed in international forums.

"9. The debt overhang continues to represent a serious impediment to growth in developing countries because it discourages private flows and represents a significant drain on scarce local resources. In the past few years, the international community has witnessed a series of significant initiatives to relieve the external debt burden, particularly of the highly indebted poor countries. However, participants suggested that more needs to be done and greater flexibility must be exerted in establishing debt sustainability because countries are continuously subjected to external shocks, such as the recent global slowdown and sharp fall in commodity prices.

**"Public-private partnerships**

"10. It was stressed that the effectiveness of public-private partnerships depends crucially on a supportive institutional environment, including a modern judicial system. A modern legal system is seen as one of the most important structural changes because it enhances governance by providing increased transparency and accountability, which would help curtail corruption where it is a problem. Accordingly, the development of a strong justice system should be supported by technical assistance.

"11. It was emphasized that to increase private investment, including foreign direct investment, more government or public-private investment in infrastructure is needed. There were also suggestions to increase the role of regional development banks in trade financing and project financing, together

with the private sector. Several examples of successful collaboration between public and private sectors were given, including infrastructure development (water supply, telecommunications), education, research and development, and foreign equity investment in small and medium-sized enterprises.

**"Overall considerations**

"12. Several speakers emphasized that broader institutional considerations need to be in place for the above partnerships to be effective. They should make it possible to realize the right to development in a just society, with gender equality. By emphasizing the social dimensions of sustainable development and mobilizing public support in developing and developed countries, civil society is making an important contribution to that process.

"13. Problems of global economic governance were also discussed, including the increased participation of developing countries. The participants pointed to the need for more cooperation, coherence and consistency among different international economic organizations. In addition, some speakers argued that there is a gap in global economic governance because a global economic forum is lacking. Accordingly, it was suggested that treaties, such as those on global environmental issues, could serve as a model for more formal partnerships. In addition, some speakers suggested that partnerships in economic governance could be solidified through the establishment of an Economic Security Council."

**Ministerial round table A.2**

**Partnerships in financing for development**

13. The Co-Chairmen, Didier Opertti-Badan, Minister of Foreign Affairs (Uruguay) and Myoung-Ho Shin, Vice-President of the Asian Development Bank, opened the ministerial round table and made introductory statements.

14. Statements were made by the representatives of the United Kingdom of Great Britain and Northern Ireland, Italy, Cuba, Denmark, Ecuador, Tunisia, El Salvador, the Dominican Republic, Monaco, Nepal, Colombia, Djibouti, the Lao People's Democratic Republic (on behalf of the landlocked developing countries), New Zealand (on behalf of the Pacific Islands), Egypt, Costa Rica, Malta and the Syrian Arab Republic.

15. The following representatives of the institutional stakeholders made statements: Food and Agricultural Organization of the United Nations, Organisation for Economic Cooperation and Development, Economic and Social Commission for Asia and the Pacific, World Bank, International Monetary Fund.

16. The following representatives of the business sector made statements: Grupo Emyco, Samuels Associates, Potomac Associates, Moody's Investor Service, Evian Group, Uganda Small Business Enterprise, Grameen Phone.

17. The following representatives of civil society made statements: International Confederation of Free Trade Unions, Quaker United Nations Office, World Association of Former United Nations Interns and Fellows, KULU Women in Development/WEDO. The Co-Chairmen made concluding remarks.

18. The summary prepared by the Co-Chairmen (A/CONF.198/8/Add.1) read as follows:

"1. The round table held a very rich debate on the main issues before the International Conference on Financing for Development and on the theme "Partnerships in financing for development". A summary of the discussion is set out below.

**"General considerations**

"2. The general considerations of the round table were as follows:

- Ministers expressed strong support of the draft Monterrey Consensus, in particular of the domestic and international reforms that it advocates. The draft Consensus has put financing at the top of the international agenda;
- Ministers focused on the implementation of the draft Monterrey Consensus. They were of the view that an effective and rapid implementation of the draft Monterrey Consensus is critical to spur economic growth worldwide and eradicate poverty;
- It was noted that implementation will require major national and international efforts, and that substantial technical efforts should be accompanied by a strong and persistent political will. The participation of heads of State and Government in the Conference augur well for such political will;
- Partnership was seen as critical. However, partnerships must go hand in hand with country ownership. No single partner — whether a country or an institution — can do enough. Several dimensions of partnership are considered to be key to development. Public-private partnership is at the core of rapid economic growth. Partnership between countries and development organizations, as well as among the latter, are also crucial for sustainable development. Partnership between aid agencies and NGOs also make a major contribution to development efforts;
- Participants stressed that the millennium development goals are the driving force of the new unprecedented international effort for mobilizing financing for development. Considerable progress has been made in the last 30 years in the areas of health, education and other basic social services. Yet the numbers of the poor and the illiterate remain far too high, and international goals in the areas of health and basic social services are far from being achieved. The situation in least developed countries and landlocked developing countries calls for particular attention. Commitments to help those countries, other developing countries and countries with economies in transition to develop and integrate with the world economy must be implemented;
- Some ministers were of the view that the draft Monterrey Consensus should have been more explicit in addressing the social agenda and the financing of programmes in social sectors. They also pointed to the need to address unemployment, pay greater attention to the informal sector of the economy and support small entrepreneurs. In that regard, particular attention must be paid to rural areas, where the majority of the poor live;

- Many ministers stressed the importance of education for all, particularly girls and women. Positive change requires education at all levels, particularly universal primary education for boys and girls, as called for in the United Nations Millennium Declaration. The implementation of the Conference outcome must be pursued in a human rights framework.

**“Main issues discussed**

“3. Alongside support of the draft Monterrey Consensus by all ministers, discussion focused on a number of key issues. There was agreement that good governance forms the basis for mobilizing both domestic and international resources for developing countries. It was pointed out that effective efforts to eradicate corruption are essential for good governance in all countries, and that those efforts are the joint responsibilities of developing and developed countries. Allocation of government resources to military uses diverts funds from development expenditures. With regard to international private resources, foreign direct investment was seen as preferable to short-term capital and more volatile credit. Many participants pointed out that the improvement of market access for agricultural products represents an important contribution to financing for development. There was general agreement that effective progress in implementing the Doha Ministerial Declaration, particularly the liberalization of trade in agriculture, is crucial. In that regard, it was stressed that mechanisms should be developed to support the effective functioning of small entrepreneurs in a globalized economy, and that care must be taken to ensure that entrepreneurs benefit from international assistance. Many urged the rapid implementation of the enhanced heavily indebted poor countries (HIPC) initiative and efforts by donor countries to increase official development assistance to reach 0.7 per cent of gross national product. At the same time, ministers emphasized that the quality of ODA needs to be enhanced through improved coordination of donor efforts and conditions, the untying of aid and improved capacity of recipient countries to use aid effectively. A major international effort to assist developing countries in capacity-building in all areas was identified as an integral part of development assistance. Ministers underscored the importance of achieving consistency and coherence of the international monetary, trading and financial systems, as well as in the policies of developed countries, which can affect the international economic conditions that impact the economies of developing countries. They also emphasized the importance of reform of the Bretton Woods institutions and increased participation of developing countries in economic decision-making.

**“Proposals additional to those contained in the draft Monterrey Consensus**

“4. The following represent proposals made by various participants:

- Extended use of regional swap network for central banks;
- Regional banks to create new credit lines for emergency loans and to increase loans to the social sector;
- Debt cancellation for IDA-non-HIPCs;
- More extensive use of debt swaps;

- International Monetary Fund/World Bank/Organisation for Economic Cooperation and Development international dialogue on taxation;
- Industrialized countries should open labour markets to workers from developing countries;
- Establish international standards of partnership;
- Strengthen various global information clearinghouses for use by domestic and international investors;
- Improvement of private credit rating methodology."

**Ministerial round table A.3**

**Partnerships in financing for development**

19. The Co-Chairmen, Shaukat Aziz, Minister of Finance (Pakistan) and Mark Malloch Brown, Administrator of the United Nations Development Programme, opened the ministerial round table.

20. Statements were made by the representatives of Japan, Morocco, Australia, Guyana, Guatemala, the United States of America, Mali, Czech Republic, Liechtenstein, Iceland, Finland, Ireland, Honduras, Netherlands, Panama, the Russian Federation, Switzerland, South Africa, Jamaica, Yugoslavia, Namibia, Mexico and Ethiopia.

21. The following representatives of institutional stakeholders made statements: UNAIDS, Common Fund for Commodities, Economic Commission for Europe, European Commission.

22. The following representatives of the business sector made statements: International Chamber of Commerce, AMBAC Financial Group, Daimler Chrysler, Securities Industries Association, Cisneros Group of Companies, Union Bank of the Philippines.

23. The following representatives of civil society made statements: Carter Center, World Confederation of Labour, United Methodist Church, Social Watch Asia, Swedish Labor Organization, Maryknoll Sisters of St. Dominic, Center for Global Development, Instituto Braziliero de Analysis Sociais e Economicas.

24. The summary prepared by the Co-Chairmen (A/CONF.198/8/Add.2) read as follows:

"1. Ministers regarded the draft Monterrey Consensus as the embodiment of a new partnership for development, although a number of participants felt that it is not sufficiently far-reaching. There was broad agreement that its adoption must be followed by a strong focus on implementation and translation from words into action if it is to become a meaningful global initiative. Political will and leadership — in both the developed and the developing countries — will be key factors determining its ultimate success.

"2. The need to ensure national ownership of development was underlined. The development process must be fully inclusive and the concerns of all must be taken into account in the formulation and implementation of strategies, programmes and projects. External assistance should be regarded as economic

cooperation rather than "aid", not as a permanent crutch but as a means of helping developing countries to help themselves. It is of the utmost importance that recipient countries themselves design programmes of reform and poverty eradication and fully own them. Donor countries should support implementation of such programmes instead of requiring recipient countries to follow any donor-designed reforms. The experience of Ireland with the aid received from its European partners was hailed as a good example of ownership, in which the recipient was encouraged to set its own developmental priorities, which were then supported by its partners. The New Partnership for Africa's Development was recognized as an important recent initiative fully owned by the developing countries involved.

"3. Within the framework of ownership, partnerships entail a clear understanding of the reciprocal commitments and mutual obligations of all parties involved in development. Ministers endorsed the concept of partnership as a central principle of international development cooperation, but felt that further work will be required to refine the new commitment to partnership into concrete results.

"4. Different aspects of the concept of partnership were stressed, including partnerships between developing countries, among developing countries and between the public and the private business sectors, as well as those involving various branches of civil society, including NGOs and trade unions. One of the key aspects of the concept of partnership is the need to fully recognize the role and contribution of those civil society partners. Participants also emphasized the need to incorporate the gender perspective into all development programmes and projects.

"5. Several examples were provided of the need for and benefits of partnerships within countries. It was recognized that the State's responsibility for development must be shared with a range of other stakeholders within and outside the countries. The private sector has a comparative advantage in some areas, although there are a number of risks and activities that are best left in the realm of the State. In some cases, public-private partnerships provide a means of taking advantage of the strengths of both parties. Several participants provided examples of such public-private collaboration.

"6. Official development assistance was universally recognized as indispensable to meeting the millennium development goals, particularly in the poorest countries. Attention should be focused on supporting national efforts to improve education and health, including AIDS, but there is also a manifest need for capacity-building, including in the management of ODA; some participants felt that infrastructure development no longer receives adequate attention in aid programmes.

"7. The accountability of both donors and recipients of aid was widely stressed. Recipients of aid should be accountable to both their citizens and donors in terms of commitment to sound governance and policies, but donors are also accountable to recipients in many ways, including in such respects as the volume, quality and effectiveness of their aid. Developed countries should make their own accountability a priority rather than leaving it to NGOs.

"8. The need to enhance coherence and coordination in international development assistance was emphasized. Developing countries are often required to comply with varying conditions in order to receive aid because donors' priorities and procedures differ. Improved coordination among donors could reduce the burden on recipient countries, particularly small States.

"9. Many ministers emphasized that public awareness about the importance of closing the poverty gap needs to be raised in the developed countries. There is a need to increase recognition of the need for and effectiveness of ODA in order to increase public support for additional flows. The Conference has already had a positive impact in that respect; the media could be an important partner in continuing that effort. Appreciation was expressed for the proposed increases in flows that have been announced by some major donors in the days prior to the Conference, but there is concern that ODA will still fall far short of both the estimates of the flows required to ensure that the millennium development goals are met and the target of 0.7 per cent of gross national product.

"10. There was an emphasis on the need for coherence among the trade, finance and development policies of developed countries. Several participants highlighted the impediments to development in developing countries created by protectionism and domestic subsidies in the developed countries.

**"Proposals going beyond the draft Monterrey Consensus**

"11. The following represent proposals made by various participants:

- One delegation clarified an earlier announcement regarding an increase in its country's future aid flows;
- One delegation announced that its country would be proposing a global lottery;
- A number of recipient countries recommended that donors delegate full responsibility for the management of their external assistance programmes to their offices in recipient countries;
- It was also proposed that donors pool their resources into a single fund at the country level;
- There was a suggestion that the international financial institutions report on donor countries' performance in terms of volume and quality of aid given, as well as on other development-related policies towards developing countries, such as trade;
- Two private-sector enterprises made proposals concerning learning frameworks and learning networks to build capacity for entrepreneurship and organizational skills in developing countries;
- It was suggested that the United Nations is in an advantageous position to raise public awareness of the need for additional aid flows."

**Ministerial round table A.4**

**Partnerships in financing for development**

25. The Co-Chairmen, Mugur Isarescu, Governor of the National Bank of Romania, and K. Y. Amoako, Executive Secretary of the Economic Commission for Africa, opened the round table.

26. Statements were made by the representatives of Brazil, the Philippines, the former Yugoslav Republic of Macedonia, Mozambique, Peru, India, Suriname, Spain, Slovakia, Sweden, Cameroon, Austria, Tuvalu, Venezuela, Turkey, Brunei Darussalam, Saint Lucia, Georgia, Mauritius, Senegal, Sierra Leone, Singapore, Mongolia, Trinidad and Tobago, and Tonga.

27. The following representatives of institutional stakeholders made statements: United Nations Human Settlements Programme (Habitat), Economic Commission for Latin America and the Caribbean, United Nations Development Programme.

28. The following representatives of the business sector made statements: Frank Russell Company, African Business Round Table, Spring Investment Corporation, Financial Services Volunteer Corps.

29. The following representatives of civil society made statements: Japan Network on Debt and Poverty, Church of Norway (EcuTeam), KARAT Coalition, World Council of Churches (EcuTeam), National Association of Economists, Development Network of Indigenous Volunteer Associations. The Co-Chairmen made concluding remarks.

30. The summary prepared by the Co-Chairmen (A/CONF.198/8/Add.3) read as follows:

> "1. The draft Monterrey Consensus was welcomed as a historical instrument and a turning point in the global partnership for development.
>
> "2. Participants emphasized that partnership is a critical element for poverty eradication and the achievement of the millennium development goals. Several dimensions of partnerships are considered key to people-centred sustainable development. At the national level, partnerships should be based on shared responsibilities and complementarity of efforts and roles of the State, the private sector and civil society. At the global level, developed and developing countries should pursue development as a joined responsibility. Partnerships among countries, development organizations, civil society and business are considered to be essential for achieving greater coherence and accelerating development. Delegates also strongly encouraged public/private partnerships as effective ways to create a favourable climate for socially responsible investment. A number of speakers stressed the important role of the private sector in wealth creation, and called for stronger partnerships between transnational corporations and national entrepreneurs to promote investment and growth.
>
> "3. There was strong support for the domestic and international reforms advocated in the draft Monterrey Consensus, including, at the domestic level, solid democratic institutions, respect for human rights, gender equality, good governance, sound macroeconomic policies and an enabling environment for private investment (both domestic and foreign). At the international level,

effective progress on trade liberalization along the lines of the Doha Ministerial Declaration, especially enhanced market access for developing countries, substantially increased quantity and quality of official development assistance, external debt relief, efforts to stabilize international financial markets and enhanced capacity-building in developing countries, were seen as crucial.

"4. With regard to ODA, the recent initiatives announced by some developed countries to increase their development assistance were welcomed as promising steps in the right direction. At the same time, several participants emphasized the need to increase the effectiveness of ODA through such measures as the untying of aid, improved coordination of donor efforts, increased country ownership and enhanced absorptive capacity of the recipient countries.

"5. Rapid and effective implementation of the draft Monterrey Consensus was the focus of many interventions. Building partnerships should be part of the process of staying engaged as a long-term commitment.

"6. The special needs of Africa, the least developed countries and the small island developing States were emphasized. Investment in those countries needs to be encouraged, including through the catalysing effect of ODA flows. The importance of the New Partnership for Africa's Development was stressed as a key partnership that should be supported by the international community.

**"Proposals additional to those contained in the draft Monterrey Consensus**

"7. Alongside the support for the draft Monterrey Consensus in general terms, the following concrete proposals were put forward:

- Creation of a forum for business entities from North and South under the auspices of the World Bank and the regional development banks;
- Doubling ODA as a first step towards meeting the 0.7 per cent target to achieve the millennium development goals;
- Capacity-building reforms, with a special focus on post-conflict countries;
- Creation of an international task force focusing on global public goods;
- Creation of a permanent consultative forum among developing and developed countries on financial and debt issues;
- Ensuring greater participation of developing countries in decision-making on international economic and financial issues;
- Reducing expenditure on defence and increasing public spending on social sectors, in particular for human resource development;
- Enhanced International Monetary Fund and World Bank support for regional and subregional reserve funds and development banks;
- Additional efforts to move towards sustainable debt levels of developing countries;

- Strengthening the resources of the international financial institutions and the United Nations system and increasing coordination and coherence of actions among them;
- Further consideration of private sector proposals made at the Conference;
- A reassessment of conditionalities;
- Addressing the issue of subsidies, particularly in agriculture;
- New and innovative sources of financing, including a currency transaction tax and tax incentives for private flows;
- Gender mainstreaming at all levels and in all policies;
- Establishment of an entity to issue guarantees for capital markets risk coverage in sub-Saharan Africa;
- Establishment of a global forum on taxation;
- Development of mechanisms for debt arbitration among creditor and debtor countries."

**Ministerial round table B.1**

**Coherence for development**

31. The Co-Chairmen, Jan Kavan, Deputy Prime Minister and Minister of Foreign Affairs (Czech Republic), and Rubens Ricupero, Secretary-General of the United Nations Conference on Trade and Development, opened the ministerial round table and made introductory statements.

32. Statements were made by the representatives of China, the United States of America, Saint Lucia, Trinidad and Tobago, India, Denmark, Jordan, Malaysia, Angola, Australia, Slovenia, Sri Lanka, Suriname, Venezuela, Iraq, Lesotho, Egypt, Bangladesh, Sweden, Rwanda, Saint Vincent and the Grenadines, Ireland, Uruguay, Viet Nam, Peru, Chad, Ethiopia and Botswana.

33. The following representatives of institutional stakeholders made statements: European Commission, Financial Stability Forum, World Bank, World Food Programme, United Nations Population Fund, World Trade Organization.

34. The following representatives of the business sector made statements: Business Council for the United Nations, Samuels Associates, Capital Markets Credit Society, Calvert Funds, AB Volvo, State Street Global Investor Services Group, Allied Zurich.

35. The following representatives of civil society made statements: African Network for Environmental and Economic Justice, Congregación de la Sagrada Familia, Catholic Committee against Hunger and for Development, Women's International Coalition for Economic Justice, Network for African Women Economists. The Co-Chairmen summarized the discussion.

36. The summary prepared by the Co-Chairmen (A/CONF.198/8/Add.6) read as follows:

"1. The round table began with the recognition that the International Conference on Financing for Development needs to successfully address the matter of coherence. Policy-making in both individual Governments and intergovernmental settings has become specialized into more or less related entities that cooperate imperfectly. In many cases, the difficulty is not lack of information but unresolved differences in policy preferences that lead Governments or international organizations into inconsistent actions. Our discussion focused on coherence difficulties both in national Governments and internationally. Certain participants in our round table also announced a significant initiative.

**"Domestic coherence**

"2. Participants noted that the search for coherence is not a new phenomenon and that additional efforts are required. However, in approaching the issue, all dimensions of development and all stakeholders and partners should be considered in a comprehensive and holistic approach, in which all players should reinforce each other. For instance, lack of cohesion in the international sphere can undermine efforts to enhance cohesion at the domestic level.

"3. Some participants considered that despite its importance, enhancing coherence should not be pursued at the expense of addressing specific problems. Sometimes painful policy reforms are necessary and they should not be dismissed under the false pretence that they undermine consistency. On the other hand, it was widely recognized that developing countries are overburdened by a vast array of donor and creditor requirements. Seeking to implement them drains scarce resources and they thus need to be simplified.

"4. Considerable attention was devoted to the need to promote and enhance cohesion at the national level, both in developed and developing countries. Some speakers noted that achieving that goal would be a major challenge. The process involves numerous actors who may have conflicting interests and objectives — the national, regional and local levels of government and public institutions, the private sector and civil society.

"5. Participants considered that a clear vision or development strategy, formulated at the country level, that brings all stakeholders together in a spirit of true partnership and cooperation, could have an important bearing on improving coherence. In addition, it was stressed that such a vision should be based on respect for and support of human rights, promotion of gender equality and protection of the environment. The global compact launched by the Secretary-General of the United Nations and the increased attention by large institutional investors, such as pension funds to good corporate citizenship by the firms in which they invest, were cited as examples of relevant actions by different stakeholders.

"6. Some speakers highlighted the importance of public sector reform as a means to improve coherence at the national level. As the role of government has evolved in a number of countries, the State has become less a direct producer and more an enabler of economic activity. This requires that

government have a strong institutional, supervisory and regulatory capacity, for example for the development of an effective financial sector, which is central to successful domestic resource mobilization. Adequate financial and technical support from the international community is also considered necessary to enable such reforms.

"7. Some speakers noted that although foreign direct investment (FDI) is important for development, simply attracting FDI does not automatically imply faster growth. There is a need for complementary domestic policies to link the operations of foreign firms to the domestic economy and thereby increase its benefits for the country concerned.

"8. One means of reducing inconsistencies is to increase the transparency of business and government practices and share information fully. Accordingly, representatives of the business sector put forward a series of proposals, including the establishment of a global information clearing house, the promotion of investment guidelines in least developed countries, enhancing developing countries' access to equity and debt financing, new mechanisms for infrastructure financing, and strengthening small and medium-sized enterprises in developing countries.[7]

**"International coherence**

"9. Participants stressed the importance of better coherence between national development efforts and international cooperation. It was argued that the major industrial countries should pay more attention to the consequences of their macroeconomic policies for the rest of the world. It was also observed that combating corruption requires cooperation between developing and developed countries, especially if developing countries are to recover illicitly removed funds.

"10. A large majority of speakers expressed concern about incoherence between trade and development policies. It was emphasized that structural reforms in developing countries, including foreign trade liberalization, have not been accompanied by adequate measures in industrial countries to open up their economies. Moreover, developed countries still heavily subsidize the export of many products, and developing countries that are efficient producers of those products have had to compete in third countries against those subsidized exports. Hence, the efforts of many developing countries to modernize their economies are held back by the lost opportunity to earn sufficient financial resources from exports. In addition, many developing countries do not have the capacity to adequately participate in negotiations to further liberalize trade in a balanced way, as in the case of agriculture in the World Trade Organization (WTO). It is recognized that technical cooperation to assist those countries in trade negotiations should be a priority.

"11. Problems of cohesion in official development assistance were also highlighted. The participants argued that although in the 1990s the developed countries experienced strong growth, in that period the volume of ODA

[7] See paper entitled "Strengthening financing for development: proposals from the private sector", compiled by the United Nations-sanctioned business interlocutors to the International Conference on Financing for Development, March 2002.

declined, which, according to one speaker, represented a fundamental incoherence. It was also stressed that unlike the time-bound commitments contained in the adjustment programmes that developing countries arrange with multilateral creditors, most donors have not set a timetable for increasing ODA. Moreover, it was stressed that donors should streamline and harmonize procedures and not lightly or frequently change priorities of assistance, which sends conflicting and confusing messages to the recipients.

"12. The participants tried to find ways to better link national and international development efforts. It was agreed that that could be achieved if respective goals were clear and shared. Developing countries should be assisted to build the capacity to determine their own viable development programmes, which should be supported by the international community. Poverty reduction strategy papers are considered to be a move in the right direction.

"13. The need to improve coherence among the international agencies was also emphasized as one of the most critical issues. It was stressed that member countries often speak in different voices in different organizations and that those organizations can speak in different voices to individual countries. In addition, the economic programmes for developing countries do not always take due account of domestic conditions. A standardized approach should be avoided.

"14. There should also be more coherence among donors at the operational level, for example to simplify procedures and cut costs of implementation. Furthermore, policies of international development institutions have not always produced expected outcomes. For instance, the retreat of public financing from infrastructure projects has led to substantial reductions in that important component of investment. It was argued that the regional development banks should increase their activities in that sphere and that consideration should be given to strengthening regional financial cooperation for development.

"15. At the same time, speakers stressed that there have been positive developments in the closer cooperation of international organizations, including Bretton Woods institutions, WTO and the United Nations and its agencies and programmes. It was suggested that the United Nations play a central role in monitoring, assessing and coordinating international development cooperation, and that the relationship between WTO and the United Nations be put on the same basis as that between the United Nations and the Bretton Woods institutions.

**"A specific proposal**

"16. China and the United States of America announced a notable initiative during the round table as a follow-up to the Conference. They intend to bring together Governments and enterprises in Shanghai, China, in November 2002 in order to help better realize the potential contribution of foreign direct investment to economic growth and development."

### Ministerial round table B.2

### Coherence for development

37. The Co-Chairmen, Trevor Manuel, Minister of Finance (South Africa), and Eveline Herfkens, Minister for Development Cooperation (Netherlands), opened the ministerial round table and made introductory statements.

38. Statements were made by the representatives of Mozambique, Pakistan, Guyana, Norway, the Philippines, the former Yugoslav Republic of Macedonia, Panama, Liechtenstein, Yemen, Portugal, Mali, Cambodia, Haiti, the Lao People's Democratic Republic, Tunisia, Switzerland, the Congo and the Russian Federation.

39. The following representatives of institutional stakeholders made statements: World Trade Organization, International Monetary Fund, World Bank, United Nations, United Nations Development Fund for Women, Latin American Economic System, IUCN-World Conservation Union and International Fund for Agricultural Development.

40. The following representatives of the business sector made statements: Soros Fund Management, BRED Banque Populaire, ESKOM, Eurorient, Money Matters Institute.

41. The following representatives of civil society made statements: Instituto Braziliero de Analysis Sociais e Econo-micas, Bretton Woods Project, Third World Network, Oxfam International, Espacio Autónomo, CIDSE and All Pakistan Federation of Labour.

42. The summary prepared by the Co-Chairmen (A/CONF.198/8/Add.8) read as follows:

> "1. The round table had a highly interactive and lively discussion on enhancing coherence for development. Many dimensions of coherence were addressed, both national and international, in particular coherence among international institutions and among international institutions and developing countries.
>
> **"General considerations**
>
> "2. A key thrust of the debate was that the millennium development goals, the draft Monterrey Consensus and the sustainable development agenda have provided major impetus to achieving greater coherence in the development policies and actions of all partners. There is now broad consensus that more coherence is needed. But that has to be translated into concrete implementation and actions.
>
> "3. Ministers and stakeholders noted that the current approach adopted by many countries of giving uncoordinated directives from individual ministries to the various international institutions creates problems for good global governance. Coherence must start at home. Otherwise, such lack of coherence is exported to the international systems and hinders the efforts to guide globalization so that it supports the millennium development goals. In the end however, coherence must be established worldwide.

"4. A major challenge today is how to introduce a pro-poor focus in trade policies and the international trading system and ensure that they better support development goals. The agricultural and energy policies of developed countries must be submitted to the same scrutiny on policy coherence. The most restrictive trade barriers are a burden on the products of the poor. In particular, agricultural subsidies could be better spent on investing in millennium development goals.

"5. Coherence in cooperation policies should accompany country ownership of national poverty reduction strategies. Some progress has been made, but we need increased efforts in that area. Often, lack of coherence in national policies reflects the insufficient administrative capacity of a country to make policies in today's complex conditions. Once national poverty-focused strategies are formulated, with adequate participation by all stakeholders, donors should be more flexible and finance strategies with a predictable, multi-year commitment, preferably in common pool mechanisms.

"6. Countries' poverty reduction strategies — notably the poverty reduction strategy papers — are excellent tools for countries to foster policy coherence and make education, health and defence budgets add up to one integrated budget with a poverty focus. Coherence between macroeconomic policies and microeconomic policies is crucial for sustainable development. Yet a proper analysis of what pro-poor policy contains is country specific. Countries other than the highly indebted poor countries should also consider formulating poverty reduction strategy papers in order to reduce poverty in a comprehensive manner.

"7. At the national level, transparency and communication, as well as consultation with all partners at local and other levels, are critical to improved coherence. Thus, transparent and sound governance at the national level goes a long way towards ensuring policy coherence.

**"Main issues**

"8. The lack of policy coherence at the national level in developing countries reflects both a lack of capacity and, in many cases, incoherence among donors. Increased coherence in developing countries requires a major cooperation effort for capacity-building. A coherent approach by developed countries to support development requires removing obstacles to the exports of developing countries and providing market access, particularly in the areas of agriculture, manufacturing and services. Often, inconsistency arises from conditionalities imposed by donor countries and institutions. One country reported that it had to comply with some 160 conditions for obtaining support to its poverty reduction strategy. It was considered important for donors to show flexibility and help countries to respond to new situations or needs of an urgent nature. Double standards should be avoided, and all countries should impose on their own actions the same scrutiny and goals that they impose on others.

"9. When international financial volatility originates in developed countries, the demand for liberalization of the capital account worsens rather than improves financial conditions and stability in developing countries. It was stressed that the International Monetary Fund (IMF) does not currently call for indiscriminate liberalization of the capital account in developing countries but

rather for the appropriate sequencing of strengthening of the financial sector and capital account liberalization.

"10. Coherence between macroeconomic and microeconomic policies in developing countries is crucial for achieving development. That includes supporting poverty reduction priorities with budget levels that accommodate pro-poor spending and establishing coherence between social and economic development policies and between public investment and private investment policies. Linkage between trade and development policies must also be made in development strategies, and the link between trade and poverty needs to be assessed.

"11. Coherence must be ensured between business actions and national plans. New initiatives, such as the New Partnership for Africa's Development, could be a driving force for mobilizing the contribution of the private sector to development.

"12. Gender blindness is an obvious example of lack of coherence. Trade liberalization may have negative consequences for women. Improved participation of women in economic policy-making must be ensured. Girls' education is one of the most effective means to reduce poverty.

"13. Reference was also made to the issue of incoherence in the policy advice provided by IMF, i.e., its article one on full employment.

"14. There is a need to formulate a single set of issues for the Bretton Woods institutions, the World Trade Organization and the United Nations. WTO members should invite their representatives to subscribe to the millennium development goals as a charter since the Marrakech Agreement Establishing WTO describes trade as a means to development.

"15. The multilateral organizations and bilateral donors still have fragmented priorities and strategies that undermine coherence. Ad hoc contributions to subprogrammes of the specialized agencies create even more fragmentation rather than a coherent United Nations strategy.

"16. In the United Nations, ongoing reform efforts aim to reduce the fragmentation of its operations and improve coherence in its day-to-day work, but more remains to be done. The United Nations needs help from donor countries in that respect through an increase in their core contributions. One participant suggested that at the next General Assembly, a request be made that the Secretary-General explore the idea of establishing an economic and social security council, with comparable functions to those of the Security Council. At the same time, there is a need to ensure that the Economic and Social Council is focused on the key issues of development.

"17. Coherence at the multilateral level requires the full participation of developing countries. In WTO, there has been progressive transparency in its operations, and there is now a requirement that all members participate better in decision-making. The more members understand trade issues and how they impact their development, the better their participation and coherence of decisions. The draft Monterrey Consensus and the International Conference on Financing for Development are definite steps forward in the participation of all stakeholders and in improving coherence.

**“Looking ahead**

“18. The following issues were revised:

- What do we focus on now in terms of how we want international institutions to be? Who should be doing the thinking now since the existing institutions are not the places that should be doing it? Who will provide the political leadership for listening to new ideas and changing institutions?
- Is there a true sense of multilateralism? Can large countries choose to opt out or are there the same rules and standards for all countries?
- The issues discussed need a lot of creative thinking. The focus on the millennium development goals and the road map for their implementation can provide us with strong guidance for coherence. Upcoming events — the World Summit on Sustainable Development to be held in Johannesburg, the Development Committee meeting to be held at the World Bank-IMF meetings and the Economic and Social Council-Bretton Woods institutions high-level dialogue — will provide opportunities for bringing those issues forward after some further thinking and continuing the momentum that was generated at this round table. Accordingly, we will submit the main findings of the round table to the high-level dialogue.

**“Recommendations**

“19. The following recommendations were made:

- There is a need to establish at the developing country level one coordination (or central contact) point for economic cooperation to give a sense of direction and ensure coherence between donors and domestic policy. Periodic briefing of donors and discussion with domestic stakeholders should be part of such a mechanism;
- There is a need to develop a single matrix for development, including national authorities, official development assistance, technical assistance and foreign direct investment, partly to avoid donors operating in the jurisdictions of ministries, and to reconcile national and international agendas;
- When countries come up with credible PRSPs, based on broad consultation with stakeholders, donors should be ready to provide more flexible financing;
- In developed countries, to confront the conflicts between national issues (interests) and the requirements to assist development (global issue) it is necessary to give a new public dimension to the global fight against poverty;
- The Organisation for Economic Cooperation and Development ministerial meeting held in June 2000 subscribed to policy coherence, which should now be followed up by an implementation plan;
- The European Union, already committed to enhance coherence in Maastricht in 1992, should pursue that commitment more vigorously;

- It is crucial to review progress in national and international efforts in order to achieve the millennium development goals and reduce inequity;
- The Bretton Woods institutions and WTO must help to build partnerships for enhancing countries capacities in the area of sustainable development;
- WTO should ensure that its work more clearly supports the pursuit of the millennium development goals and poverty eradication;
- The Philadelphia coordinating mechanism, which brings together Bretton Woods institutions executive directors and delegates to the United Nations, should be expanded to Geneva-based institutions and could be broadened to include other developed countries;
- The Economic and Social Council must focus on key topical issues of the day. It has an important role to play in the follow-up to the Monterrey Conference and in helping to keep the focus on coherence and coordination in pursuit of the millennium development goals."

**Ministerial round table B.3**

**Coherence for development**

43. The Co-Chairmen, Ram Sharan Mahat, Minister of Finance (Nepal), and Enrique Iglesias, President of the Inter-American Development Bank, opened the ministerial round table and made introductory statements.

44. Statements were made by the representatives of Ecuador, Cuba, Spain (also on behalf of the European Union), Zambia, Iceland, Turkey, Japan, Ukraine, Cameroon, El Salvador, Malaysia, the Dominican Republic, Luxembourg, Colombia, Ghana, Guatemala, Belgium, Costa Rica, Grenada and Azerbaijan.

45. The following representatives of institutional stakeholders made statements: Pacific Island Forum, World Bank, the Economic Commission for Latin American and the Caribbean (on behalf of the United Nations), International Monetary Fund.

46. The following representatives of the business sector made statements: Business Council for Sustainable Development (Mexico), Business Council for the United Nations.

47. The following representatives of civil society made statements: Third World Network, World Council of Churches (EcuTeam), African Center for Empowerment Gender and Advocacy, Intermon Oxfam, Campaign to Reform the World Bank, WFUNA/UNA-Argentina, ATTAC/Norwegian Forum for Environment and Development. The Co-Chairmen summarized the discussion.

48. The summary prepared by the Co-Chairmen (A/CONF.198/8/Add.7) read as follows:

"1. Various dimensions of coherence were addressed — national, regional and international — among international institutions, among international institutions and developing countries, and among objectives and instruments. Coherence among the economic, human, gender, social and environmental dimensions is seen as essential. Striking the balance among those different agendas will be a key challenge for the World Summit on Sustainable

Development. In that sense, the success of the International Conference on Financing for Development and the Summit are closely related.

"2. The millennium development goals provide a broad framework for coherence not only among policies and programmes of countries but also among multilateral institutions. The commitment to the substance and the spirit of the draft Monterrey Consensus and its follow-up should give new impetus to the mobilization of resources for their effective implementation. Since broad consensus has emerged on the need for coherence, attention should now focus on practical and effective measures for its promotion. In the end, coherence will be measured by its ability to reduce the number of people living in poverty.

"3. Several speakers stressed that coherence must start at home, especially among different ministries and other stakeholders, if directives to international institutions are to be equally coherent. No single actor or policy can succeed on its own but only in an effective combination of efforts. In that regard, better governance and coordination are essential to improve coherence within and among countries and institutions in the delivery and effective use of development assistance. The role of nationally owned policies as a framework for coherence, including in relation to poverty reduction strategy papers, was also emphasized. The need for coherence between national policies and multilaterally agreed commitments was further stressed. Cooperation among countries on issues that need to be addressed at the regional level can also enhance coherence of policies and actions.

"4. At the global level, increased participation of developing countries in international decision-making was seen as critical for coherence. Moreover, an effective strategy for development should seek to reduce existing asymmetries in access to capital and technology as well as between mobility of capital and restrictions to labour movements. The vulnerability of developing countries to external shocks and the frequency and more pronounced nature of economic cycles in those countries should also be addressed through a more coherent response that encompasses macroeconomic, financial, trade and social measures. Similarly, increased official development assistance for low-income countries should not come at the expense of flows directed to middle-income countries, otherwise poverty levels in the latter would inevitably rise. External debt burdens should be sustainable and consistent with poverty reduction goals.

"5. Speakers pointed out the importance of strengthening coherence between the United Nations, the Bretton Woods institutions and the World Trade Organization, as well as regional financial institutions. Development should be placed at the centre of the global political agenda. The dialogue on development among all stakeholders, including decision makers, in the political, development, finance and trade areas spurred by the Monterrey process was welcomed, and the importance of continuing it as a major new trend was stressed.

"6. It was considered that coherence in the international trading system requires the removal of obstacles to developing countries' exports, especially in agriculture and textiles. The Doha Ministerial Declaration and upcoming trade negotiations were seen as an opportunity to make the international

trading system more responsive to the development needs of developing countries and more sensitive to the social and environmental dimensions.

"7. The need for greater investment to prevent the conflict situation that has affected many developing countries was also stressed. The conflict situation has deepened and expanded poverty, enriching only those who benefit from the arms trade.

"8. A better understanding of the relationship and exploitation of the synergies between the millennium development goals and other relevant policies will require further analytical work.

**"Proposals and recommendations**

"9. The following proposals and recommendations were made:

- Establish a "global compact for coherence" of commitments by developed and developing countries;
- Address consistency in donor countries between national interests and constraints, on the one hand, and development assistance goals on the other;
- Harmonize policies, actions and procedures of various institutions to align them with the millennium development goals and their implementation, as well as for monitoring and assessing results;
- As the most inclusive and participatory forum, the United Nations should remain at the centre of discussion on the promotion of coherence among development cooperation, macroeconomic and social policies;
- Fully utilize the potential of the Economic and Social Council to promote meaningful dialogue for policy coherence;
- Further strengthen the United Nations Development Assistance Framework and United Nations Development Group mechanisms;
- Establish a clearing house at the national level to share information, enhance coordination among different ministries and other actors and build on the outcomes of various United Nations conferences;
- Ensure that development cooperation policies do not directly or indirectly support arms purchases that lead to conflicts. Exploitation of conflicts for financial gains should be prevented through the development of global ethics;
- Promote the democratization of global governance;
- Ensure balance between macroeconomic reform programmes and the social agenda;
- ODA should be supportive of recipient countries' national strategies and should be untied."

### Ministerial round table B.4

### Coherence in development

49. The Co-Chairmen, Owen A. Arthur, Prime Minister and Minister of Finance (Barbados), and Jean Lemierre, President of the European Bank for Reconstruction and Development, opened the ministerial round table and made introductory statements.

50. Statements were made by the representatives of the United States, Brazil, Canada, Côte d'Ivoire, Algeria, Morocco, Finland, the Holy See, Benin, Burkina Faso, Chile, Austria, Djibouti, the Bahamas, Kenya, Armenia, the United Kingdom of Great Britain and Northern Ireland, Argentina, Belize and Yugoslavia.

51. The following representatives of institutional stakeholders made statements: Organisation for Economic Cooperation and Development, Islamic Development Bank, International Labour Organization, World Bank.

52. The following representatives of the business sector made statements: Grupo IMSA, World Economic Forum, Business Council on Sustainable Development — Argentina, China Online, FireXchange.

53. The following representatives of civil society made statements: InterAction, World Economy, Ecology and Development, Grupo Género y Economía, Environmental Development Action in the Third World, Institute for Agriculture and Trade Policy, Action for Economic Reform.

54. The summary prepared by the Co-Chairmen (A/CONF.198/8/Add.5) read as follows:

> "1. The round table produced a rich debate on many aspects and dimensions of coherence and its relevance to development. There was a widespread view that the draft Monterrey Consensus provides a sound framework for a coherent approach to development and the achievement of the millennium development goals.
>
> **"General aspects**
>
> "2. Participants welcomed the impetus provided by the draft Monterrey Consensus and emphasized that more coherent policies and efforts are needed at all levels. Coherence requires a long-term approach and must be built on a set of sound domestic policies, democracy, the rule of law, the enforceability of contracts and anti-corruption measures. A supportive international environment is seen as crucial. Multiple conditionalities, protectionism, domestic subsidies and inadequate coordination in the development policies of international institutions are hindering efforts to create a global economic system that supports the achievement of the internationally agreed development goals.
>
> "3. Ministers and other stakeholders stressed that coherence implies partnership at all levels. The coordination of efforts to rapidly implement the goals set out in the draft Monterrey Consensus is the duty of each and every party. There is a need for clarity in the responsibilities of all stakeholders to coordinate efforts and to improve broad-based policy dialogue. Transparency and accountability must be the underlying principles in that endeavour.

"4. Coherence must be people-centred and aim at a higher quality of sustainable livelihoods. It was stressed that true coherence relies on the citizen, who must be integrated through an appropriate institutional framework. Everyone must be able to participate in order to support a well-functioning political process. Coherence is a coming together of all parties and in all sectors — in an early and broad manner.

"5. Coherence and diversity work together. Participants stressed that development strategies must recognize different policy environments. Pluralism and heterodox approaches should be encouraged, but all forces must be brought together, which requires an environment that is conducive to better and more transparent coordination of efforts.

"6. Resources are an important aspect of coherence. The recent European Union and United States initiatives to increase spending on official development assistance are welcome as first promising steps in the right direction. The effectiveness of aid has increased in the past few years, but more remains to be done to enhance the absorptive capacity of developing countries, including through private/public partnerships. Every country is responsible for its own development, and it is crucial for development strategies to be owned by individual developing countries. However, development requires much more than aid. Coherence implies joint efforts to address domestic resource mobilization, trade issues, debt problems and the reform of the international financial architecture.

**"Main issues discussed**

"7. Many participants stressed the need to address the inconsistencies in the overall approach to development. A coherent approach would imply the use of a variety of instruments and policies that do not conflict with each other. A fundamental problem in that respect lies in the incoherence between the development assistance and trade policies of developed countries. Protectionism, especially in the agricultural and agro-industrial sectors, creates distortions in international trade, and by penalizing competitive producers in developing countries that have comparative advantages in those sectors represents an obstacle to growth. The agreements reached at Doha, if fully implemented, represented an opportunity to advance towards a more development-oriented series of trade negotiations. However, as one minister noted, capacity constraints could be an obstacle preventing many developing countries from reaping the benefits that more accessible markets make possible through optimizing the scale of production.

"8. The combination of liberalized and increasingly volatile capital flows, particularly short-term flows, with an international financial system that is designed for a world with capital controls and far less integrated financial markets, is another source of incoherence that needs to be addressed. One reflection of that problem is the repeated occurrence of international financial crises, which are often preceded by large capital inflows and revel underlying vulnerabilities and shortcomings at both the national and international levels. Coherence in the financial sense requires measures in developing and developed countries, as well as at the international level. Such measures

should include international financial regulations for institutional investors, highly leveraged financial institutions and off-shore financial centres.

"9. Several ministers referred to the crisis in Argentina as a dramatic example of the urgent need to address incoherence at the international level. Some ministers expressed their solidarity with the Argentine people and its Government, and emphasized the need to support the Government in its pursuance of economic reforms amid extremely difficult circumstances.

"10. Conditionality attached to development aid could be a source of incoherence and needs to be addressed, according to several participants. In many cases, multiple and conflicting conditionalities can impose a heavy burden on recipient countries, and their absorptive capacity needs to be taken into account in that respect. Improved coordination among donors is essential. It was also stressed that conditionality needs to be applied in such a way that the people of developing countries are not penalized for the failure of their leaders to meet basic performance criteria for aid. It was also felt that effective development assistance requires donors and recipients to share the same goals, as well as a full commitment by Governments of recipient countries to those goals, particularly to poverty eradication. Ministers also addressed the need to avoid confusion between the goals of ODA and those of private economic activity, for example by avoiding the use of ODA to subsidize private business and to mitigate its inherent risk.

"11. Ministers had a broad discussion on the coherence of policies at different levels and with different approaches. One key issue was the coherence and coordination of the macroeconomic policies of the main advanced countries, which was seen as an essential ingredient of global macroeconomic stability and sustained, effective development policies, which would benefit all, particularly the developing countries. It was also viewed as a key aspect of the establishment of an enabling international environment, without which the development efforts of developing countries cannot succeed.

"12. Another aspect of policy coherence concerns development policies in the developing countries, particularly between macroeconomic and sectoral policies. For example, the subsidization of certain sectors can exacerbate fiscal burdens and lead to distortions in economic activity. One key aspect of policy coherence raised by one minister was the importance of public awareness of and support for economic policy and reform options. Even if policies are technically sound, they cannot succeed without the support of the people.

**"Proposals**

"13. The following proposals were made:

- An international taxation organization should be created to tackle issues of international coordination of tax policies, with a possible extension to issues concerning foreign direct investment (FDI);
- A committee should be established to harmonize the evaluation of procedures by the international financial institutions;

- The United Nations should study the positive and negative aspects of FDI and how to maximize its benefits for developing countries while limiting its negative impacts;
- Enhancing the civil service's effectiveness should become one of the priorities of official development assistance, inter alia, because it is needed for the development of the private sector;
- An index of sustainability of enterprises of developing countries, along the lines of the one that is already in place for developed countries, should be developed. That initiative would help to improve the triple social-environmental-economic bottom line at the national level;
- The international high-level economic dialogue now carried out under the Group of Eight Major Industrialized Countries grouping should be opened to include other groupings and the widening of the agenda."

# Chapter V
# Report of the summit segment

1. At its 1st plenary meeting, on 18 March, in accordance with the recommendations of the Preparatory Committee contained in its decision 4/3 (see A/CONF.198/5, chap. VIII, sect. A), the International Conference on Financing for Development approved the organization of work as set out in document A/CONF.198/4/Rev.1, and decided to establish a summit segment. The Conference also decided to allocate agenda items 10, "Summit segment", 11, "Adoption of the Monterrey Consensus" and 12, "Adoption of the report of the Conference", to the summit segment.

## A. General exchange of views

2. The summit segment held a general exchange of views at its 3rd to 6th meetings, on 21 and 22 March 2002.

3. At the 3rd meeting, Vicente Fox, President of Mexico and President of the Conference, declared open the summit segment of the Conference and addressed the Conference.

4. At the same meeting, Kofi Annan, Secretary-General of the United Nations, addressed the Conference.

5. Also at the same meeting, addresses were made by Han Seung-Soo (Republic of Korea), President of the General Assembly, James D. Wolfensohn, President of the World Bank, Horst Köhler, Managing Director of the International Monetary Fund and Mike Moore, Director-General of the World Trade Organization.

6. At the same meeting, statements were made by Hugo Chávez Frías, President of Venezuela (on behalf of the Group of 77 and China); José María Aznar, President of the Government of Spain (on behalf of the European Union); Olusegun Obasanjo, President of Nigeria; Alejandro Toledo Manrique, President of Peru; Leo Falcam, President of the Federated States of Micronesia; Agbéyomé Messan Kodjo, Prime Minister of Togo; Guy Verhofstadt, Prime Minister of Belgium; Jean Chrétien, Prime Minister of Canada; José Maria Pereira Neves, Prime Minister of Cape Verde; Thabo Mbeki, President of South Africa; Tommy Remengesau, Jr., President of Palau; Enrique Bolaños Geyer, President of Nicaragua; Fidel Castro Ruz, President of Cuba; Francisco Guillermo Flores Pérez, President of El Salvador; Boris Trajkovski, President of the former Yugoslav Republic of Macedonia; Jorge Battle Ibáñez, President of Uruguay; Festus Mogae, President of Botswana; Ricardo Maduro Joest, President of Honduras; Hipólito Mejía Domínguez, President of the Dominican Republic; Pascoal Manuel Mocumbi, Prime Minister of Mozambique; King Abdullah Bin Al Hussein, King of Jordan; Abderrahman Youssoufi, Prime Minister of Morocco; Miguel Ángel Rodríguez Echeverría, President of Costa Rica; Ralph Gonsalves, Prime Minister of Saint Vincent and the Grenadines and Minister for Finance, Planning, Economic Development, Labour, Information, the Grenadines and Legal Affairs; Stjepan Mesi, President of Croatia; Tarja Halonen, President of Finland; and Ion Iliescu, President of Romania.

7. At the 4th meeting, statements were made by Andrés Pastrana Arango, President of the Republic of Colombia; Kjell Magne Bondevik, Prime Minister of Norway; Thaksin Shinawatra, Prime Minister of Thailand; Abdoulaye Wade, President of Senegal; Abdelaziz Bouteflika, President of Algeria; Mireya Elisa Moscoso Rodríguez, President of Panama; Mohamed Ghannouchi, Prime Minister of Tunisia; El Hadj Omar Bongo, President of Gabon; Nagoum Yamassoum, Prime Minister of Chad; Owen Arthur, M.P., Prime Minister and Minister for Finance and Economic Affairs of Barbados; Eduardo Duhalde, President of Argentina; Jorge Quiroga Ramírez, President of Bolivia; Charles Goerens, Minister for Cooperation and Humanitarian Action of Luxembourg; Teofisto Guingona, Jr., Vice-President and Minister for Foreign Affairs of the Philippines; Majozi Sithole, Minister of Finance of Swaziland; Donald Kaberuka, Minister of Finance and Economic Planning of Rwanda; Roni Milo, Minister for Regional Cooperation of Israel; Saufatu Sopoanga, Minister of Finance, Economic Planning and Industries of Tuvalu; Jakaya Kikwete, M.P., Minister for Foreign Affairs and International Cooperation of the United Republic of Tanzania; Ibrahim Al-Assaf, Minister of Finance and National Economy of Saudi Arabia; Lyonpo Yeshey Zimba, Minister of Finance of Bhutan; Xiang Huaicheng, Minister of Finance and Representative of the President of China, Jiang Zeming; Volodymyr Pershyn, State Secretary, Ministry of Economy and for European Integration of Ukraine; Shaukat Aziz, Minister of Finance of Pakistan; Kermechend Raghoebarsing, Minister of Planning and Development Cooperation of Suriname; Joseph Henry Mensah, Senior Minister for Government and Business of Ghana; Joseph Deiss, Minister for Foreign Affairs of Switzerland; Carlos Julio Emanuel, Minister of Economy and Finance of Ecuador; El Hadj Oumar Kouyaté, Minister of State for Planning of Guinea; M. Saifur Rahman, Minister of Finance and Planning of Bangladesh; Mohamed Ould Nany, Minister of Economic Affairs and Development of Mauritania; Per Srig Moller, Minister for Foreign Affairs of Denmark; John Dalli, Minister of Finance of Malta; Bosse Ringholm, Minister of Finance of Sweden; Raymond Lim, Minister of State for Foreign Affairs and Trade and Industry of Singapore; Liz O'Donnell, T.D., Minister for Development Cooperation of Ireland; Abdullah bin Khalid Al-Attiayh, Governor of the Central Bank of Qatar; Julian Hunte, Minister for External Affairs of Saint Lucia; Delia Grybauskaite, Minister of Finance of Lithuania; Mpho Malie, Minister of Finance and Planning of Lesotho; Heidemarie Wieczorek-Zeul, Federal Minister for Economic Cooperation and Development of Germany; Francois Xavier Ngoubeyou, Minister of State for External Relations of the Republic of Cameroon; Maris Riekstinš, Secretary of State of the Ministry for Foreign Affairs of Latvia; Andreas Loverdos, Vice-Minister for Foreign Affairs of Greece; Anne Konate, Vice-Minister in charge of Economic Development of Burkina Faso; Franz Morak, State Secretary of Austria; Maskarim Wibisono, Vice-Minister for Foreign Affairs for Foreign Economic Relations of Indonesia; Jelica Minic, Vice-Federal Minister for Foreign Affairs of Yugoslavia; Archbishop Renato Martino, Chairman of the Delegation of the Holy See; Madina Jarbussynova, Chairperson of the Delegation of Kazakhstan; Warnasena Rasaputram, Chairman of the Delegation of Sri Lanka; Mohammad Abdulhassan, Chairman of the Delegation of Kuwait; Nouhad Mahmoud, Chairman of the Delegation of Lebanon; Altai Efendiev, Chairman of the Delegation of Azerbaijan; Fredrick Pitcher, Chairman of the Delegation of Nauru; and Guyla Nemeth, Chairman of the Delegation of Hungary.

8. At the 5th meeting, statements were made by Andranik Margaryan, Prime Minister of Armenia; Ricardo Lagos, President of Chile; Jacques Chirac, President of France; George W. Bush, President of the United States of America; Alfonso Portillo Cabrera, President of Guatemala; Romano Prodi, President of the European Commission; Vasile Tarlev, Prime Minister of the Republic of Moldova; Hubert Ingraham, Prime Minister of the Bahamas; Jin Nyum, Deputy Prime Minister and Minister of Finance and Economy of the Republic of Korea; Marek Belka, Deputy Prime Minister and Minister of Finance of Poland; Jan Kavan, Deputy Prime Minister and Minister for Foreign Affairs of the Czech Republic; Ivan Míkloš, Deputy Prime Minister for Economic Affairs of Slovakia; José Antonio Moreno Ruffinelli, Minister for Foreign Affairs of Paraguay; Anil Kumarsingh Gayan, Minister for Foreign Affairs and Regional Cooperation of Mauritius; Samuel Insanally, Minister for Foreign Affairs of Guyana; Mohamed Mahdi Salih, Minister of Trade of Iraq; Eveline Herfkens, Minister for Development Cooperation of the Netherlands; Ch. Ulaan, Minister of Finance and Economics of Mongolia; Soukanh Mahalath, Minister of Finance of the Lao People's Democratic Republic; Kristiina Ojuland, Minister for Foreign Affairs of Estonia; Kadi Sesay, Minister of Development and Economic Planning of Sierra Leone; Aboudramane Sangaré, Minister of State and Minister for Foreign Affairs of Côte d'Ivoire; Tahmaseb Mazaheri, Minister for Economic Affairs and Finance of the Islamic Republic of Iran; K. D. Knight, M.P., Minister for Foreign Affairs and Foreign Trade of Jamaica; Matt Robson, Minister for Disarmament and Arms Control and Associate Minister for Foreign Affairs and Trade for Official Development Assistance of New Zealand; Ram Sharan Mahat, Minister of Finance of Nepal; Datuk Azmi Khalid, Minister of Rural Development of Malaysia; Chris Gallus, Minister for Development Cooperation of Australia; Mulu Ketsela, Minister of State, Ministry of Finance and Economic Development of Ethiopia; David Aptsiauri, Vice-Minister for Foreign Affairs of Georgia; Sergei Kolotukhin, Vice-Minister of Finance of the Russian Federation; Alfredo Mantica, Vice-Minister for Foreign Affairs of Italy; Amraiya Naidu, Chairman of the Delegation of Fiji; Sheelagh de Osuna, Chairperson of the Delegation of Trinidad and Tobago; Guy Razafinony, Chairman of the Delegation of Madagascar; Tuiloma Neroni Slade, Chairman of the Delegation of Samoa; Barrie Ireton, Chairman of the Delegation of the United Kingdom of Great Britain and Northern Ireland; Luis Marques Amado, Minister of State for Foreign Affairs and Cooperation of Portugal; Kemal Dervis, Minister of State of Turkey.

9. At the same meeting, the representative of Mesa Directiva del Senado de Mexico (Parliamentarians Forum) made a statement.

10. At the 6th meeting, statements were made by Jean Bertrand Aristide, President of the Republic of Haiti; Kessai Note, President of the Republic of the Marshall Islands; Hama Amadou, Prime Minister of the Republic of the Niger; John Briceño, Deputy Prime Minister of Belize; Ahmed Mohamed Sofan, Minister of Planning and Development of Yemen; Friday Jumbe, Minister of Finance and Economic Planning of Malawi; Christopher Obure, M.P., Minister of Finance of Kenya; Abdurrahman Mohamed Shalghem, Secretary of the General People's Committee for Foreign Liaison and International Cooperation of the Libyan Arab Jamahiriya; Woldal Futur, Minister of Planning and Development of Eritrea; Fayza Aboulnaga, Minister of State for Foreign Affairs of Egypt; Cham Prasidh, Minister of Commerce of Cambodia; Tran Xuan Gia, Minister of Planning and Investment of Viet Nam; Arun Shourie, Minister for Privatization of India; Bruno Amoussou, Senior Minister in

charge of the Coordination of Government Action, Planning and Development, Personal Representative of the Head of State of Benin (on behalf of the least developed countries); Khin Maung Thein, Minister for Finance and Revenue of Myanmar; Geir Haarde, Minister of Finance of Iceland; Mohamed Jaleel, Minister of Finance and Treasury of Maldives; Anton Rop, Minister of Finance of Slovenia; Famara Jatta, Secretary of State for Finance and Economic Affairs of the Gambia; Gaston Browne, Minister of Planning of Antigua and Barbuda; Celso Lafer, Minister for External Relations of Brazil; Timothy Harris, Minister for Foreign Affairs of Saint Kitts and Nevis; Shigeru Uetake, Senior Vice-Minister for Foreign Affairs of Japan; Anne Konate, Minister in charge of Economic Development of Burkina Faso; Pehin Dato Ahmad Wally Skinner, Deputy Minister of Finance of Brunei Darussalam; Shaikh Ebrahim Bin Khalifa Al-Khalifa, Under-Secretary of the Ministry of Finance and National Economy of Bahrain; Stefan Sotirov, Director Minister of Finance of Bulgaria; Patrick Kalifungwa, M.P., Deputy Minister of Finance and National Planning of Zambia; Abdulaziz Al-Shamsi, head of the delegation of the United Arab Emirates; Jacques Boisson, head of the delegation of Monaco; Martin Andjaba, head of the delegation of Namibia; Sotirios Zacheos, head of the delegation of Cyprus; Sergei Ling, head of the delegation of Belarus; Mikhail Wehbe, head of the delegation of the Syrian Arab Republic; Jaume Gaytán, head of the delegation of Andorra; Mubarak Hussein Rahmtalla, head of the delegation of the Sudan; Lamuel Stanislaus, head of the delegation of Grenada; Jadranko Prlić, Vice-Minister for Foreign Trade and Economic Affairs of Bosnia and Herzegovina.

11. At the same meeting, statements were also made by the representatives of the International Chamber of Commerce (Business Forum) and the Civil Society Forum.

## B. Consideration of the draft Monterrey Consensus

12. At the 6th meeting, the summit segment considered sub-item 10 (b), “Consideration of the draft Monterrey Consensus”; for its consideration of the sub-item, it had before it a note by the Secretariat transmitting the draft outcome of the Conference (A/CONF.198/3), which it transmitted to the Conference for adoption.

## C. Summit round tables

13. In accordance with General Assembly decision 56/445, the summit segment held four round tables on Thursday, 21 March, two in the morning and two in the afternoon. The theme of the summit round tables was “Looking ahead”. An account of the summit round tables is set out below.

### Summit round table C.1
### Looking ahead

14. The Co-Chairmen, Guy Verhofstadt, Prime Minister of Belgium, José María Aznar López, President of Spain, and James Wolfensohn, President of the World Bank, opened the summit round table and made introductory statements.

15. Statements were made by the representatives of Nigeria, the United States of America, the Czech Republic, India, Guyana, Cuba, Australia, Sweden, Kenya, New Zealand, the United Kingdom of Great Britain and Northern Ireland, Nepal, Togo, Maldives and Algeria.

16. Statements were made by the following institutional stakeholder participants: United Nations, International Monetary Fund, World Health Organization, United Nations Development Programme (UNDP) and the OPEC Fund for International Development.

17. Statements were made by the following business sector participants: Institute of Liberty and Democracy, ONDEO Suez, Cisneros Group of Companies, Total Fina Elf, and Calvert Funds.

18. Statements were made by the following civil society participants: Jubilee Debt Program, Country Women Association of Nigeria (COWAN), Asociación Nacional de Economistas y Contadores de Cuba, International Confederation of Free Trade Unions/Africa, Canadian Labour Congress, Center for Development Studies/Arab NGO Network for Development and Mexican Action Network for Free Trade.

19. The Co-Chairmen made concluding remarks. The summary prepared by the Co-Chairmen (A/CONF.198/8/Add.11) read as follows:

> "1. Our perception is that in building up to the International Conference on Financing for Development, the international community has created the political space for unprecedented dialogue among all relevant stakeholders on financing for development. Certainly, the dialogue has not yet solved the key concerns of policy makers or policy advocates. However, we have seen actions on some issues that go beyond what only recently were called 'the narrow limits of the possible'. The Monterrey Conference has been a process of convergence, albeit far from complete.
>
> "2. Today, multiple stakeholders have managed to hold a rich discussion of their respective priorities, prescriptions and concerns. Heads of State and other senior policy makers, along with stakeholders from intergovernmental organizations, the private sector and civil society organizations, have been able to focus on priorities for advancing private and official financing for development and on conditions for effectively 'staying engaged'.
>
> **"Private resources and investment**
>
> "3. For private investment to play its role in development, an enabling environment is essential. Well established property rights are seen as indispensable for productive private investment and fully mobilizing domestic resources. However, the practical institution of effective property rights for all people, especially the poor, could be a long and complex process.
>
> "4. Some speakers noted that investment incentives need to be carefully designed. They may reduce risk for certain undertakings but should not completely insulate private investors from risk. It was suggested that sovereign guarantees of foreign investment be the exception and not the rule. Otherwise, they could lead to irresponsible investor behaviour and budgetary losses. Increasing information flows to investors, such as through an Internet-based clearing house, is a promising avenue of support of private investment.
>
> "5. Several speakers considered that neither private nor official investors will undertake some types of essential investments, such as large infrastructure projects, on their own. They suggested that official development assistance continue to finance infrastructure investments, including co-financing with

private investment, such as for water supply projects for the benefit of the poor. Important benefits are seen in the participation of users in the operation and maintenance of infrastructure facilities after they are built. It was also stressed that collaboration between the public and private sectors should be performance-oriented and accompanied by mutual accountability and transparency.

"6. It was further stressed that other types of alliances between the public and private sectors could work successfully. Examples were given of successfully applying advanced information technology to assist developing countries in increasing education in Latin America. Public-private alliances are also helping poor communities to improve health care.

"7. Participants noted a growing tendency of multinational corporations to make their operations in emerging markets more transparent and socially responsible, reflecting the changing demands of institutional shareholders, such as pension funds, as well as awareness by many corporations themselves of the need to change the ways they do business. In addition, government policies in developed countries towards the foreign behaviour of their multinational enterprises have been changing, albeit with a lag, and some speakers sought further progress in that area.

**"Public resources and investment**

"8. Several speakers noted that the commitment to the millennium development goals have imposed fundamental responsibilities on Governments. Investing in people — including in education, health, basic social infrastructure and social security programmes — is vital for overcoming poverty. It is also a very productive investment for economic growth. However, sustained government stewardship over those investments is required for efforts in those areas to be effective.

"9. Several participants pointed out that the current substantial gap between external financing levels and needs puts at risk the success of the New Partnership for Africa's Development. A number of speakers stressed that adequate international attention is also required to combat poverty in the developing countries of Asia, Latin America and the Pacific.

"10. ODA is recognized as an essential complement to domestic resources in the effort to reach the millennium development goals. ODA, when properly and effectively used and guided primarily by the needs of developing countries, can have a major impact, as illustrated by some speakers, who gave examples of countries moving from recipient to donor status. Both the quantity and quality of ODA are critical. The Monterrey Conference has clearly focused on both, and has already produced some concrete results. Recent donor initiatives to significantly increase ODA levels, while steps in the right direction, are felt to be insufficient and calls were made for additional support. Several speakers also stressed the need to enhance ODA effectiveness through the efforts of donors and recipients and such measures as untying of aid, improved donor coordination and increased country ownership. Several speakers emphasized that capacity-building is essential for long-term sustainability. Some of the expenditure on armaments could be usefully utilized for development purposes.

“11. Debt relief is also seen as holding the potential to release essential resources for poverty eradication and sustainable human development. The enhanced initiative for the heavily indebted poor countries has provided some progress, but there were also calls for further efforts to relieve developing countries of their unsustainable debt burden, including streamlining debt-relief mechanisms and strengthening the relationship between debt relief and development programmes. The United Nations and the Bretton Woods institutions were called upon to explore new approaches, such as collective debt cancellation by groups of countries and revised criteria for debt sustainability. There is also interest in developing the proposals for a new sovereign debt restructuring mechanism.

“12. It was also suggested that innovative sources of financing, such as environmental taxes and taxes on currency transactions, be seriously considered, particularly in support of global public goods. In addition, it was suggested that the 1997 International Monetary Fund agreement for a special equity allocation of special drawing rights be implemented now. Moreover, significant efforts should be made to track down illicitly transferred public funds and repatriate them, within the context of a coordinated effort to combat corruption, including through an international convention on corruption.

**“Staying engaged**

“13. Many speakers wanted to capitalize on the positive spirit of the Monterrey Conference. Key concepts in the new dynamic between North and South are partnership, solidarity and good governance. Democracy, the rule of law, accountability, transparency and the fight against corruption are considered essential prerequisites for financing for development.

“14. Ways were suggested to nurture and maintain the spirit of the Monterrey Conference for an effective follow-up to the Conference. A common interest in that regard is to turn the concept of mutual accountability into concrete practice at the international as well as at the national level.

“15. According to several speakers, a first step at the international level is to institute frank and timely monitoring of the implementation of commitments and further requirements of the key partners in development, including developing countries, donor Governments and multilateral institutions, along with other stakeholders. Such monitoring, it was suggested, should be comprehensive and take a coherent approach to the financing of development. The monitoring of the millennium development goals could also make an important contribution in that regard.

“16. The efforts of the United Nations to draw all relevant stakeholders together during the preparatory process to the Monterrey Conference has shown the potential results of close collaboration that should be enhanced in the follow-up to the Conference. It was also suggested that the democratization of global governance could be strengthened by making greater use of regional groupings of countries as intermediate forums to develop proposals and build consensus among Governments on the great challenges of tomorrow.

"17. There is a distinct sense that the world must make the effort now, not later, to make the commitments made at Monterrey real in order to strengthen development and finally begin to conquer global poverty. The terrorist attacks of 11 September 2001 have had a profound impact on the world. There is no place to hide. There is no time to lose. We need to instil a sense of urgency in the public on the issue of poverty reduction. In conclusion, it was noted that although all of the stakeholders may not agree on everything there is a strong sense that the overriding objective of poverty reduction is shared by all."

**Summit round table C.2**
**Looking ahead**

20. The Co-Chairmen, Thabo Mbeki, President of South Africa, and Horst Köhler, Managing Director of the International Monetary Fund, opened the round table and made introductory statements.

21. Statements were made by the representatives of Zambia, Germany, France, Finland, Denmark, Rwanda, Fiji, Panama, Ireland, Haiti and Morocco.

22. The following representatives of institutional stakeholders made statements: United Nations Conference on Trade and Development, World Bank, World Trade Organization and United Nations.

23. The following representatives of the business sector made statements: International Chamber of Commerce, Ultraquimia Group and FUNDES.

24. The following representatives of civil society made statements: Women's Environment and Development Organization, Women's Eyes on the Multilaterals/ALCADECO, Oxfam International, North-South Institute/Social Watch, International Confederation of Free Trade Unions, African Forum and Network on Debt and Development, and Iniciativa Cartagena/Women's Popular Education Network.

25. The Co-Chairmen made concluding remarks. The summary prepared by the Co-Chairmen (A/CONF.198/8/Add.12) read as follows:

"1. There was broad agreement among speakers that the draft Monterrey Consensus marks an important and substantial step towards achieving the millennium development goals. Looking ahead, the challenge is to maintain the momentum and translate those goals and the draft Monterrey Consensus into concrete actions to provide the resources that will produce meaningful results for the world's poor. Even if the resources were to become available, the required results would not necessarily be forthcoming. All stakeholders must assume their share of the responsibility for translating principles and commitment into action, and should do so without delay. It is necessary to solidify progress in the months ahead so that further concrete implementation measures can be agreed upon at the World Summit for Sustainable Development, to be held in Johannesburg in August 2002.

"2. One of the underlying principles behind the vision of the draft Monterrey Consensus is that of shared responsibilities and mutual commitment. The developing countries are committing themselves to taking full responsibility for their own development by undertaking structural reforms, with sound policies, good governance, gender mainstreaming, respect for human rights

and the protection of the environment as indispensable underpinnings. The international community is committing itself to supporting developing countries' efforts through enhanced resource flows and a more development-friendly international environment. Such a 'two pillar' approach also underpins the New Partnership for Africa's Development.

"3. Having developed international consensus on principles, Governments must build within their countries — both developed and developing — the public support necessary to translate their collective vision into action. That would require political leadership — in the developing countries to overcome the many difficulties in undertaking institutional and policy reform, and in the developed countries to develop engagement and solidarity with the developing countries in their efforts to reduce poverty. It would also require a coordinated effort on the part of all stakeholders and all segments of society to support the formulation, implementation and monitoring of development programmes and activities.

"4. In the developed countries, the citizenry at large will have to be convinced that development and the reduction of poverty must be matters of concern in national policy, and that addressing those concerns will require resources and structural change. Some participants pointed to the wide support for development in some developed countries in terms of both commitment of resources and willingness to undertake necessary reforms. However, in most cases, particularly in the area of trade liberalization, considerable additional efforts are required for the population to become as aware of the need for change as they are in developing countries.

"5. There was general appreciation for the increases in official development assistance announced in preceding days, but also concern that total ODA will still fall far below both what is required to ensure that the millennium development goals are met, as well as the longstanding target of devoting 0.7 per cent of the gross national product of developed countries to ODA. Most participants underlined the need to achieve that target; one Minister called for each country to establish a timetable for doing so. It was suggested that such expenditures be regarded as an investment in the future rather than a current cost. The challenges of fully financing the heavily indebted poor countries initiative and the United Nations initiative on AIDS, malaria and tuberculosis were highlighted by some participants. A few were disappointed that the draft Monterrey Consensus does not propose the use of other innovative sources of development finance, such as issues of special drawing rights and various forms of international taxation. A few other participants regretted that the draft Consensus did not address global public goods and indicated that they would be pursuing the matter in other forums.

"6. It was emphasized that ODA is only one component of the developed countries' contribution to development, and that other elements should be not only consistent but complementary and reinforcing. Particular attention was focused on the impediments to growth and poverty reduction created by the trade barriers and subsidies of developed countries. It was pointed out that, if such measures were abolished, developing countries could realize far greater revenue than they would receive in ODA. It was incumbent on developed

countries to remove such impediments to growth, particularly for the poorest countries.

"7. External debt was viewed as another major constraint to achieving the millennium development goals in many countries, particularly the least developed countries. Some participants emphasized the need for additional measures to deal with the external debt problem. Reduced debt service obligations are considered to be crucial for being able to allocate additional domestic resources to anti-poverty purposes, such as health and education. Speakers called for a long-term effort to vigorously pursue debt relief for countries facing unsustainable debt burdens, with a few advocating full debt cancellation.

"8. Several participants elaborated on the potential contribution of the private sector to development and poverty eradication. Developing countries need to create conditions to support entrepreneurship, particularly in small and medium-sized enterprises, including farms, and to encourage private investment, including foreign direct investment. Concern was expressed about the low levels of FDI in countries where it is needed most, particularly in Africa. In some instances, countries have made considerable efforts to fulfil the conditions for attracting FDI but have made little impact on flows or the perceptions of risk of investors. A number of participants, however, questioned the value of FDI, saying that it does not always necessarily contribute to development and poverty reduction.

"9. The need to develop adequate institutional capacity was noted and the complexities of achieving that objective were highlighted. One speaker pointed out that the institutions that are currently considered to be prerequisites for development arose in industrialized countries as a result and not as a precondition of development. In addition, the level of economic development itself sets the limits to what can be achieved and replicated at the level of institutional development, and the same arrangements are not necessarily optimal for all countries.

"10. Some participants also addressed the need to re-examine the representation of developing countries in the international financial institutions and the need for better gender balance.

"11. The process leading to the Monterrey Conference was based on a new partnership, involving dialogue and consultations, and enhanced transparency and sharing of information among the various development partners and stakeholders, all of which contributed to trust and consensus building. Participants welcomed the improved cooperation among the various multilateral organizations that had resulted from the financing for development process. It is imperative to stay engaged and further improve global policy coherence. The preparations for the upcoming Summit in Johannesburg will be part of that process, but the dialogue will also have to be sustained and enriched over the longer term. Some participants felt that, in order to enhance policy coherence at the global level, the international community should continue its efforts to improve global governance. Regional consultative mechanisms could contribute to this process.

"12. It was recognized that the draft Monterrey Consensus will require an effective monitoring system to follow up on the commitments by countries, international institutions, the business sector and civil society to ensure that the millennium development goals are achieved by 2015. There was support for the establishment of a formal mechanism for that purpose, and it was suggested that that could be a responsibility of the United Nations, in full and active cooperation with the International Monetary Fund, the World Bank, the World Trade Organization and other stakeholders. It was stressed, however, that such an exercise should not be accusatory but rather a means for all stakeholders to monitor and evaluate their own contributions and exchange views."

**Summit round table C.3**
**Looking ahead**

26. The Co-Chairmen, Miguel Rodríguez Echeverría, President of Costa Rica, Alejandro Toledo Manrique, President of Peru, and Mike Moore, Director-General of the World Trade Organization, opened the summit round table and made introductory statements.

27. Statements were made by the representatives of Argentina, Austria, China, Canada, Japan, Saint Lucia, the Republic of Korea, Suriname, Lesotho, Venezuela, Yemen, Turkey, Iraq, Italy and Ghana.

28. Statements were made by the following institutional stakeholder participants: Organisation for Economic Cooperation and Development/Development Assistance Committee, Common Fund for Commodities, World Bank, European Commission and International Monetary Fund.

29. Statements were made by the following business sector participants: Samuels Associates, Zurich Group, Fundación Merced, Infrastructure Leasing and Financial Services, and Bank of the Philippines.

30. Statements were made by the following civil society participants: International Confederation of Free Trade Unions/ORIT, Development Alternatives with Women for a new Era, African Women's Economic Policy Network, International Council for Social Welfare, Rural Reconstruction Nepal, Liberal Society Institute and South African Council of Churches (Ecumenical Team).

31. The Co-Chairmen made concluding remarks. The summary prepared by the Co-Chairmen (A/CONF.198/8/Add.10) read as follows:

"1. After participating in the opening of the debate, Alejandro Toledo Manrique, President of Peru and Co-Chair of the round table, had to leave the session prematurely due to the events that had taken place in his country. Participants expressed their solidarity with the President and people of Peru.

"2. The round table generated a rich exchange on the salient issues in terms of 'looking ahead' beyond the International Conference on Financing for Development. The main thrust of the discussion is summarized below.

**“General considerations**

“3. Participants agreed that the commitments contained in the draft Monterrey Consensus are clear and that their implementation is the responsibility of all. To translate the draft Consensus into action will involve a process of arriving at politically acceptable decisions at the national and international levels. There is a need for strong political will. Some participants noted that there is room for optimism in that regard because there has been a growing common intellectual base for moving forward on the draft Consensus.

“4. Many participants affirmed their commitment to eradicating terrorism, within the bounds of the law, wherever it arises. Global security and the health of the world economy are closely linked since insecurity discourages private national and international investment.

“5. The discussion reiterated the importance of coherence, partnership, ownership and participation in effective implementation of the draft Monterrey Consensus and working towards achieving the millennium development goals. There is a need for coordinated efforts to strengthen governance and participation in decision-making at the national and international levels while pursuing coherent development, trade and economic cooperation policies.

“6. Several participants underscored the major potential contribution of trade to development and poverty reduction in developing countries and the huge cost that subsidies and trade barriers in developed countries have imposed on developing countries.

“7. Participants welcomed the new aid commitments resulting from the Monterrey Conference, while noting that they represent only a first step in efforts to increase aid to achieve the millennium development goals. There was general agreement that improving the effectiveness of aid is the responsibility of donor and recipient countries, and involves improved coordination and capacity as well as national ownership of programmes.

“8. It was noted by some participants that the time frame for implementation of the draft Monterrey Consensus is not sufficiently explicit. Some participants felt strongly that there is insufficient consideration of human rights, labour rights, working conditions, fair pay and social protection in the draft Monterrey Consensus. Some also emphasized the need for greater consideration of women’s participation in decision-making at all levels and the importance of assessing the gender impact of economic and social policies. It was emphasized that poverty reduction and the provision of health services, education, employment opportunities and justice for all are necessary for strengthening democracy.

“9. Participants underscored the importance of the follow-up to the Monterrey Conference as well as more specific modalities of implementation.

**“Main issues discussed**

“10. Delegates agreed that the Monterrey Conference represents a key turning point in building the momentum for change in development assistance. The recent initiatives announced by developed countries could be signalling a reversal of the long trend of declining official development assistance. The

groundwork has now been laid for that reversal to be sustained over the long term: developing countries are more explicit about their responsibilities and the need for sound policies and good governance, and developed countries needed to prove the sincerity of their commitments, not just in the field of ODA. In large part, that mutual understanding is the result of common learning in the course of finding a new relationship between developed and developing countries throughout the last half century.

"11. Specific challenges of great importance remain ahead for ODA: it should be effective and should also be delivered efficiently. It should prioritize capacity-building, whether for people — such as in the access to technologies — or at the governmental level — e.g., developing countries' capacity to take part in increasingly complex trade negotiations. It should also take into account the need to enhance productivity and diversification in the agricultural sector.

"12. Delegates noted that an essential aspect of coherence consists in a more effective division of labour and development of partnerships between international organizations, in which the respective comparative advantages would be taken into account in the implementation of development strategies. In that light, the World Trade Organization highlighted its commitment to tap into the expertise of other international organizations, such as the United Nations Industrial Development Organization, the United Nations Conference on Trade and Development and the United Nations Development Programme.

"13. To many delegates, the Monterrey Conference embodies a crucial first stepping stone in the road to a new international financial architecture. In order to be truly instrumental in the process of financing development, the new architecture will have to be more participatory and embody two key principles: prevention and stability. Stable and transparent financial flows and capital markets, at both the domestic and the international levels, are widely seen as a prerequisite for a sustained implementation of development strategies, since episodes of financial turbulence have too often interrupted social progress. Also, the institutionalization of good governance practices by developing countries at the domestic level requires a long-term approach that is incompatible with excessive volatility of financial flows, particularly short-term flows. In that light, the building of institutional capacities for prevention of financial crises at the international level is seen as essential. Accordingly, a mechanism to deal in a fair and transparent way with the problem of external over-indebtedness of developing countries was considered by delegates to be a key aspect of the latter.

"14. Participants considered that the excessive volume of external debt of the developing countries must be tackled in a coherent way. External debt should not constitute a permanent and increasing drain on financial resources that would otherwise be available for development purposes. Some participants called for the cancellation of the external debt of the poorest countries. The heavily indebted poor countries initiative was commended by participants as a first step in advancing towards a solution; however, in order to enhance its coherence with other aspects of the international development strategies, progress still needs to be made by broadening the criteria for eligibility of countries and enhancing the volume of debt relief that it provides. True

ownership of debt reduction strategies and their connected poverty eradication programmes by the recipient countries was also considered a key element of success. Special consideration should be given to avoid placing undue burdens on creditor developing countries. The final aim is to ensure that a country's level of external debt can be sustainable in the long run without compromising economic and social objectives.

"15. Many participants drew attention to the enormous costs that are caused by protectionism for developed and developing countries alike, particularly in the area of agricultural products, textiles and other labour intensive goods. The agreements reached at Doha represent a historical opportunity to start building developmental concerns into the trade liberalization agenda, and developed countries now have a golden opportunity to live up to their commitments. But developing countries also have their part to play in the trade agenda, notably in the field of integration, in a manner that is compatible with WTO rules. That would make their markets large enough to achieve the scale economies necessary, and it is also linked with the need to attract foreign direct investment inflows: one of the reasons that FDI has shied away from Africa, for example, is the pervasive high degree of trade protectionism among Africans themselves, which in too many cases represents an obstacle to an efficient scale of production. Another factor that represents a key obstacle to FDI is the lack of certainty and predictability of the legal and institutional framework, underlining the key importance of good governance policies at the domestic level.

**"Proposals**

"16. The following proposals were put forward:

- Establish a strong and effective mechanism for monitoring the implementation of the draft Monterrey Consensus;
- The United Nations should play the lead role in the follow-up to the Monterrey Conference;
- Establish a permanent consultation and discussion forum between developed and developing countries on monetary and financial issues;
- Establish an annual forum for the follow-up to the Monterrey Conference;
- Pursue an arrangement between the United Nations and WTO to bring WTO into the United Nations system to improve coherence;
- Set up an international task force to advance thinking on global public goods and their financing;
- Establish an international humanitarian fund financed from traditional and non-traditional sources, including taxes on speculative capital flows and confiscation of the proceeds of drug trafficking;
- Establish an international economic/financial crisis prevention mechanism comparable to the Secretary-General's proposed early warning mechanism for conflicts in the Security Council."

**Summit round table C.4**
**Looking ahead**

32. The Co-Chairmen, Ion Iliescu, President of Romania, and Thaksin Shinavatra, Prime Minister of Thailand, opened the round table and made introductory statements.

33. Statements were made by the representatives of Monaco, Malaysia, Colombia, Singapore, Brazil, Slovakia, Bangladesh, Pakistan, Belize, Switzerland, the Sudan and the Islamic Republic of Iran.

34. The following representatives of institutional stakeholders made statements: Commonwealth Secretariat, Organisation for Economic Cooperation and Development, World Bank, United Nations, and International Federation of Red Cross and Red Crescent Societies.

35. The following representatives of the business sector made statements: GTFI Fund Management, Electrolux, Potomac Associates, Cisneros Group of Companies, Calvert Funds, and African Business Round Table.

36. The following representatives of civil society made statements: World Confederation of Labor, Southern and Eastern African Trade Negotiations, Red Thread/Women's Environment and Development Organization, Instituto del Tercer Mundo/Social Watch, Gender and Economic Reforms in Africa, Development Alternatives with Women for a New Era/Iniciativa Cartagena, and Red Latinoamericano de Mujeres Transformando la Economia.

37. The Co-Chairmen made concluding remarks. The summary prepared by the Co-Chairmen (A/CONF.198/8/Add.9) read as follows:

> "1. The round table had a very rich and substantive debate, a further testimony of the commitments of leaders of government and civil society at large to financing for development.
>
> "2. A key message of the debate was strong support for the draft Monterrey Consensus. The International Conference on Financing for Development has managed to involve the international community and a range of partners in the first ever debate on how to finance development. It will give impetus to the implementation of the millennium development goals.
>
> "3. Globalization unites us in one world. Poverty in one place is poverty everywhere. Globalization should be made truly inclusive, and should benefit all nations and partners more equitably to reduce poverty.
>
> "4. The Conference has started forging crucial alliances between developing and developed countries and all partners. Those alliances aim to achieve the goals of halving poverty, reducing the gap between poor and rich countries, building social justice and gearing the international financial, trade and economic systems towards the achievement of the goals set at the Millennium Summit of the United Nations General Assembly.
>
> "5. The new global partnership for development now has to be translated into concrete actions. We must now not only look ahead but move ahead.

"6. That will entail carrying forward the set of reforms and policies agreed to in Monterrey. There is growing consensus that reforms are necessary at both the national and international levels to ensure a stable and conducive environment for development.

"7. At the domestic level, countries have an obligation to work to eradicate poverty. Policies have to reconcile the concern for longer-term development goals and structural reform with the need to respond to the urgent needs of the poor. The benefits of development should target those most in need, particularly people at the grass-roots level, who should be provided with greater access to capital and information technologies. Good governance, sound policies and strengthening of the financial sector are crucial for development and for attracting investments. Gender should be mainstreamed in all policies. It is important to ensure broad participation and transparency in devising policies and initiatives at both the national and international levels.

"8. A major international effort is called for to give countries the tools to move forward in development and poverty eradication. Official development assistance, trade and foreign direct investment are three essential tools for development financing.

"9. The promises of the Doha Ministerial Declaration for a meaningful trade liberalization, supportive of development, must be fulfilled. A major effort is required by developed countries for liberalizing trade in agriculture and reducing subsidies. Some speakers stressed the importance of labour standards and the role of the International Labour Organization in that regard. Others advised against linking trade discussions with those on environmental and labour standards.

"10. Greater coherence and coordination at all levels is essential. Efforts to build a more stable and participatory international system must be pursued. Reform of the international financial architecture is crucial and must be pursued to foster international financial stability and help to build an international financial environment supportive of development. Standards and codes are essential for the conduct of international financial relations, but they also need to take into account the readiness of the domestic institutions in each country.

"11. The commitment expressed by some countries to increase ODA are welcomed. It is essential that all donors renew their commitments to increase ODA and reach agreed targets. Further progress is needed to solve the problems of poor countries' external debt.

"12. International efforts to build the capacity of developing countries are essential. Development cooperation must be conducted in the context of country-owned frameworks.

"13. The international community should support the New Partnership for Africa's Development as the new strategy for reviving development in the continent.

"14. The key role and responsibilities of the business sector in development were underscored. Small and medium-sized enterprises are especially important for creating employment, helping to reduce poverty and supporting growth.

"15. We need to set up some concrete mechanisms for the follow-up to the Monterrey Conference.

"16. The United Nations, the Bretton Woods institutions, the World Trade Organization and other international institutions have an important role in the implementation and follow-up to the Conference. The structures and functions of those institutions, notably the Bretton Woods institutions and WTO, may need to evolve to respond to a rapidly changing environment so as to best carry forward the goals of the Conference.

"17. Developing countries need to be given a greater voice in international financial institutions. Reform in that regard must be pursued. It is hoped that the Monterrey Conference will lead to developing a new, more equitable system of international governance.

"18. The presence of so many heads of state and government as well as leaders of business and civil society in Monterrey augurs well for the future implementation of the Conference and for the upcoming World Summit on Sustainable Development.

**"Proposals**

"19. A number of proposals and ideas were put forward in the course of the discussions of the round table to reinforce or carry forward the commitments of the draft Monterrey Consensus, including the following:

- An action plan and a follow-up mechanism should be developed for implementing the Conference;
- Compacts should be established between recipients and donors to monitor policies;
- An external gender monitoring group could be set up to monitor the integration of gender perspectives in efforts to promote coherence and coordination in the achievement of the millennium development goals;
- An international debt workout system was called for;
- Proposals made by the business sector, such as the creation of a global information clearing house or venture capital funds to help support enterprise creation, should be considered in the follow-up to the Monterrey Conference;
- The United Nations should help to coordinate and disseminate private-sector development initiatives, such as in the education or distant-learning fields;
- A global development corporation could be set up by the United Nations, with private sector participation, to support the creation of small and medium-sized enterprises in developing countries;

- Mechanisms for mobilizing resources to achieve the millennium development goals, such as taxation on speculative capital and on carbon emissions and a new allocation of special drawing rights should be studied and followed up;
- Efforts to combat corruption and illicit drugs should be actively pursued;
- Human rights commitments should guide the implementation of the draft Monterrey Consensus;
- The United Nations, in particular the Economic and Social Council, should be at the centre of the follow-up process, which should be accountable and should empower the international community to oversee globalization."

# Chapter VI
## Adoption of the Monterrey Consensus

1. On the recommendation of its Preparatory Committee at its fourth session and as endorsed by its high-level officials, ministerial and summit segments, the Conference considered the draft Monterrey Consensus transmitted to it in a note by the Secretariat (A/CONF.198/3).

2. At its 5th plenary meeting, on 22 March 2002, on the recommendation of the President of the Conference, the Conference unanimously adopted the Monterrey Consensus of the International Conference on Financing for Development and recommended it for endorsement by the General Assembly (for the text, see chap. I, resolution 1).

# Chapter VII
## Report of the Credentials Committee

1. At its 1st plenary meeting, on 18 March 2002, the Conference, in accordance with rule 4 of its rules of procedure, appointed a Credentials Committee with the same composition as that of the Credentials Committee of the General Assembly of the United Nations at its fifty-sixth session, namely, China, Denmark, Jamaica, Lesotho, the Russian Federation, Senegal, Singapore, the United States of America and Uruguay.

2. The Credentials Committee held one meeting, on 20 March 2002.

3. The Committee had before it a memorandum by the Secretary of the Conference dated 20 March 2002 on the credentials of representatives of States and of the European Community to the Conference. A representative of the Office of Legal Affairs of the United Nations Secretariat made a statement relating to the memorandum, in which, inter alia, he updated the memorandum to indicate credentials and communications received subsequent to its preparation.

4. As noted in paragraph 1 of the memorandum and in the statement relating thereto, formal credentials of representatives to the Conference, in the form required by rule 3 of the rules of procedure of the Conference, had been received as of the time of the meeting of the Credentials Committee from the following 41 States and the European Community: Algeria, Bahamas, Barbados, Belarus, Burkina Faso, Cambodia, China, Colombia, Cook Islands, Cyprus, Czech Republic, Dominican Republic, Eritrea, Finland, Guinea-Bissau, Holy See, Iceland, Iraq, Lao People's Democratic Republic, Libyan Arab Jamahiriya, Malaysia, Monaco, Mongolia, Morocco, Myanmar, Nicaragua, Republic of Korea, Russian Federation, Singapore, South Africa, Spain, Sudan, Suriname, Swaziland, Sweden, Tunisia, Turkey, Ukraine, Uruguay, Yugoslavia and Zimbabwe.

5. As noted in paragraph 2 of the memorandum and in the statement relating thereto, information concerning the appointment of the representatives of States to the Conference had been communicated to the Secretary-General of the United Nations, as of the time of the meeting of the Credentials Committee, by means of a cable or a telefax from the head of State or Government or the Minister for Foreign Affairs, or by means of a letter or note verbale from the mission concerned, by the following 138 States: Afghanistan, Albania, Andorra, Angola, Antigua and Barbuda, Argentina, Armenia, Australia, Austria, Azerbaijan, Bahrain, Bangladesh, Belgium, Belize, Benin, Bhutan, Bolivia, Botswana, Brazil, Brunei Darussalam, Bulgaria, Burundi, Cameroon, Canada, Cape Verde, Central African Republic, Chad, Chile, Comoros, Congo, Costa Rica, Côte d'Ivoire, Croatia, Cuba, Denmark, Djibouti, Ecuador, Egypt, El Salvador, Equatorial Guinea, Estonia, Ethiopia, Fiji, France, Gabon, Gambia, Georgia, Germany, Ghana, Greece, Grenada, Guatemala, Guinea, Guyana, Haiti, Honduras, India, Indonesia, Iran (Islamic Republic of), Ireland, Israel, Italy, Jamaica, Japan, Jordan, Kazakhstan, Kenya, Kuwait, Kyrgyzstan, Latvia, Lebanon, Lesotho, Liechtenstein, Lithuania, Luxembourg, Madagascar, Malawi, Maldives, Mali, Malta, Marshall Islands, Mauritania, Mauritius, Mexico, Micronesia (Federated States of), Mozambique, Namibia, Nauru, Nepal, Netherlands, New Zealand, Niger, Nigeria, Norway, Oman, Pakistan, Palau, Panama, Paraguay, Peru, Philippines, Poland, Portugal, Qatar, Republic of Moldova, Romania, Rwanda, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the

Grenadines, Samoa, Saudi Arabia, Senegal, Seychelles, Sierra Leone, Slovakia, Slovenia, Solomon Islands, Somalia, Sri Lanka, Switzerland, Syrian Arab Republic, Thailand, the former Yugoslav Republic of Macedonia, Togo, Tonga, Trinidad and Tobago, Turkmenistan, Tuvalu, Uganda, United Arab Emirates, United Kingdom of Great Britain and Northern Ireland, United Republic of Tanzania, United States of America, Venezuela, Viet Nam, Yemen and Zambia.

6. As noted in paragraph 3 of the memorandum and in the statement relating thereto, the following two States participating in the Conference had not, as of the time of the meeting of the Credentials Committee, communicated to the Secretary-General any information regarding their representatives to the Conference: Bosnia and Herzegovina, and Hungary.

7. The Committee decided to accept the credentials of the representatives of all States listed in the above-mentioned memorandum and the statement relating thereto and the European Community, on the understanding that formal credentials for the representatives of the States referred to in paragraphs 6 and 7 above would be communicated to the Secretary-General as soon as possible. The Secretary-General subsequently received the credentials of Bosnia and Herzegovina and Hungary.

8. The Committee adopted the following draft resolution without a vote:

> "*The Credentials Committee*,
>
> "*Having examined* the credentials of the representatives to the International Conference on Financing for Development referred to in the memorandum of the Secretary of the Conference dated 20 March 2002,
>
> "*Accepts* the credentials of the representatives of the States and of the European Community referred to in the above-mentioned memorandum."

9. The Committee decided, without a vote, to recommend to the Conference the adoption of a draft resolution approving the report of the Committee.

## Action taken by the Conference

10. At its 6th plenary meeting, on 22 March 2002, the Conference considered the report of the Credentials Committee (A/CONF.198/7).

11. The Conference adopted the draft resolution recommended by the Committee in its report (for the text, see chap. I, resolution 3.)

# Chapter VIII
## Adoption of the report of the Conference

1. At the 6th plenary meeting, on 22 March 2002, the Rapporteur-General introduced the report of the Conference (A/CONF.198/L.1 and Add.1-3).

2. At the same meeting, the Conference adopted the draft report and authorized the Rapporteur-General to finalize the report, in conformity with the practice of the United Nations, with a view to its submission to the General Assembly at its fifty-seventh session.

# Chapter IX
## Closure of the Conference

1. At the 6th plenary meeting, on 22 March 2002, the representative of Venezuela, on behalf of the States Members of the United Nations that are members of the Group of 77 and China, introduced a draft resolution expressing the Conference's gratitude to the host country (A/CONF.198/L.2).

2. At the same meeting, the Conference adopted the draft resolution (for the text, see chap. I, resolution 2).

3. Also at the same meeting, the Under-Secretary-General for Economic and Social Affairs made a statement.

4. At the same meeting, the Minister of Foreign Affairs of Mexico made a statement and declared the Conference closed.

# Annex I

## List of documents

| *Symbol* | *Title or description* |
|---|---|
| A/CONF.198/1/Rev.1 | Provisional agenda |
| A/CONF.198/2 | Provisional rules of procedure |
| A/CONF.198/3 and Corr.1 | Note by the Secretariat transmitting the draft outcome of the Conference |
| A/CONF.198/4/Rev.1 | Note by the Secretariat on organizational and procedural matters |
| A/CONF.198/5 | Report of the Preparatory Committee for the Conference on its fourth session |
| A/CONF.198/6 | Letter dated 5 March 2002 from the Chargé d'affaires of the Permanent Mission of Mexico to the United Nations and the Permanent Representative of Norway to the United Nations addressed to the Secretary-General |
| A/CONF.198/7 | Report of the Credentials Committee |
| A/CONF.198/8 | Note by the Secretariat on summaries of multi-stakeholder round tables |
| A/CONF.198/8/Add.1 | *Addendum*: Ministerial round table A.2 |
| A/CONF.198/8/Add.2 | *Addendum*: Ministerial round table A.3 |
| A/CONF.198/8/Add.3 | *Addendum*: Ministerial round table A.4 |
| A/CONF.198/8/Add.4 | *Addendum*: Ministerial round table A.1 |
| A/CONF.198/8/Add.5 | *Addendum*: Ministerial round table B.4 |
| A/CONF.198/8/Add.6 | *Addendum*: Ministerial round table B.1 |
| A/CONF.198/8/Add.7 | Ministerial round table B.3 |
| A/CONF.198/8/Add.8 | *Addendum*: Ministerial round table B.2 |
| A/CONF.198/8/Add.9 | *Addendum*: Summit round table C.4 |
| A/CONF.198/8/Add.10 | *Addendum*: Summit round table C.3 |
| A/CONF.198/8/Add.11 | *Addendum*: Summit round table C.1 |
| A/CONF.198/8/Add.12 | *Addendum*: Summit round table C.2 |
| A/CONF.198/9 | Letter dated 22 March 2002 from the Permanent Representative of Venezuela to the United Nations addressed to the Secretary-General |
| A/CONF.198/10 | Letter dated 22 March 2002 from the Permanent Representative of Oman to the United Nations addressed to the Secretary-General |
| A/CONF.198/L.1 and Add.1-3 | Draft report of the Conference |
| A/CONF.198/L.2 | Draft resolution submitted by Venezuela (on behalf of the States Members of the United Nations that are members of the Group of 77 and China), entitled "Expression of thanks to the people and Government of Mexico" |
| A/CONF.198/INF/1 | Information for participants |
| A/CONF.198/INF/2 (Part I and Part II) | Provisional list of delegations to the Conference |

# Annex II

## Opening statements

### Statement by Vicente Fox Quesada, President of Mexico and President of the International Conference on Financing for Development

Distinguished Heads of State and Government;

Mr. Secretary-General of the United Nations;

Distinguished delegates;

Ladies and Gentlemen:

Welcome to Mexico.

Welcome to a nation that seeks to build a bridge from the problems of the past to the opportunities of the future; welcome to a country that, based on a new vision of itself, is seeing the world through new eyes.

Today is a very special day, of great significance to all Mexicans. Today we are celebrating the anniversary of the birth of Benito Juárez, an admirable man who left an indelible mark on our nation. And it is appropriate to recall him here, at this United Nations meeting, because of his belief that respect for the rights of others is equivalent to peace, which is also one of the principles underlying the coexistence among our peoples.

We know from our own experience the suffering and poverty that accompany the lack of development. But we also know the success and prosperity that can be achieved by a country determined to work and to move forward, if it has the necessary resources.

Hence we have enthusiastically supported this meeting between the developing world and the developed countries.

For decades, the nations of the world have endeavoured to come to grips with the problem of development and poverty through international cooperation. So far, however, the results have been meagre, belated and discouraging. We have completed a century where security was identified with the building of walls and barriers. It is our responsibility to pave the way today for a century of bridges, not barriers; a century of encounters, not wars; of shared responsibilities and achievements, not isolated efforts.

Consider yourselves welcome to an historic opportunity to build these bridges by working together. Let us build together, developing and developed countries alike, the bridges between economic growth and human development, between opening up and local development, between an efficient economy and the well-being of all citizens. Let this be the spirit that guides our meeting. Let this be the spirit of Monterrey.

It is time to change; but to change in order to build. This meeting marks the beginning of a new concept of development. Monterrey has become the spark for a new movement designed to combat marginalization and underdevelopment.

Monterrey gives us an opportunity to devote ourselves freely — the developing countries to the implementation of responsible economic policies, and

the developed nations to the advancement of the poorest among us. In this new era of shared progress, all of us must assume our responsibilities.

If the twenty-first century is to be a century of development for all, we must be prepared to undertake bold actions. This involves a challenge to our former attitudes and a quest for new ideas and actions. Let this be the spirit of Monterrey.

Distinguished Heads of State and Government;

Ladies and Gentlemen:

This Conference is not an isolated event; it is part of a global movement in pursuit of development. The Millennium Summit marked the beginning of this new effort to eradicate marginalization. At Doha, emphasis was placed on promoting fairer participation by the developing countries in world trade.

In a few months, the Johannesburg summit meeting will focus on the environmental aspects of sustainable development.

We must all contribute to the new world development agenda; we must all help to shape the future of peace, harmony and universal development to which we all aspire, in a new spirit, the spirit of Monterrey.

We can no longer afford a restricted form of well-being, confined to a few nations; we can no longer run the risk of living in a world of exclusion and injustice. The fight against poverty is a fight for justice and for peace in the world.

Let us forge a new future for our nations. Let us adopt the Monterrey Consensus and, beyond that, let us promote the future development of nations in a spirit of responsibility and solidarity.

We hold in our hands a great opportunity; let us also have the determination to use it. Let us not disappoint those who have placed their trust and their hopes in this meeting. We will all benefit from a more humane, more prosperous and more just community.

Future generations will either recognize us for our courage or reproach us for our lack of vision.

Let us be bold enough to make this century one of bridges and encounters, not of walls and barriers.

The time has come to decide, today, here in Monterrey.

Thank you very much.

**Statement by Kofi Annan, Secretary-General of the United Nations**

We are here to discuss the fate of people. Not people in abstract, but millions upon millions of individual men and women and children — all of them eager to improve their own lives by making their own choices; and all of them able to do so, if only they are given a little chance. At present, they are denied that chance by multiple hardships, each of which makes it harder to escape from the others: poverty, hunger, disease, oppression, conflict, pollution, depletion of natural resources. Development means enabling people to escape from that vicious cycle. And for development, you need resources. Human resources, natural resources and also, crucially, financial resources.

That is why we are here — and it is good to see so many of you here, particularly those of you from developed countries. You have realized, as more and more of your fellow citizens are realizing, that we live in one world, not two; that no one in this world can feel comfortable or safe while so many are suffering and deprived. It is equally good to see so many leaders here from the developing world itself. They are not here asking for handouts. They know that they themselves have much to do to mobilize domestic resources in their own countries, as well as attract and benefit from international private capital. What they are asking for is the chance to make their own voices heard and ensure that their countries' interests are taken into account when the management of the global economy is being discussed.

What they are also asking for is the chance for their countries to trade their way out of poverty, which means that the markets of the developed world must be fully and genuinely open to their products and the unfair subsidies to competing goods must be removed. The promise of Doha must be fulfilled. What many of them are asking for is relief from an unsustainable burden of debt. And many of them are saying that, in order to do without handouts, their countries first need a helping hand up in the form of significant increase in official development aid.

Eighteen months ago, the political leaders of the entire world agreed, at the Millennium Summit, that we must use the first 15 years of this new century to begin a major onslaught on poverty, illiteracy and disease. And they gave us a clear measure of success or failure: the millennium development goals. Achieving those goals by 2015 would not mean the battle for development had been won. But if we fail to achieve them, we shall know we are losing.

And all serious studies concur that we cannot achieve them without at least an additional $50 billion a year of official aid — roughly double current levels — given in an efficient way, which, for instance, leaves recipient countries free to choose the suppliers and contractors that best meet their needs. The clearest and most immediate test of the Monterrey spirit, which the President referred to, is whether the donor countries will provide that aid. The substantial amounts that have been made and the substantial announcements that have been made in the last few days clearly reflect a new spirit and a revival of commitment to aid.

Some donors may still be sceptical, because they are not convinced that "aid works". To them, I say "look at the record". There is abundant evidence that aid does work. Aid brings spectacular improvements in literacy and spectacular declines in infant mortality when it is channelled to countries with enlightened leaders and efficient institutions. Indeed, enlightened leaders can use aid to build efficient institutions.

Aid is vital, but it is not the whole story. Development is a complex process, in which many different actors have to work together and not against each other. To take just one example, it is no good helping dairy farmers in a country if, at the same time, you are exporting subsidized milk powder to it. That is why it is encouraging to see finance ministers and businessmen here, as well as development ministers. And that is why the process of preparing this Conference — with the United Nations, the World Trade Organization and the Bretton Woods institutions working together as never before — has been so extraordinary. At last, we are all tackling the issues together, in a coherent fashion. That is the true spirit of Monterrey, which we must sustain in the months and years ahead. The Monterrey Consensus is not a weak document, as some have claimed. It will be weak if we fail

to implement it. But if we live up to the promises it contains and continue working on it together, it can mark a real turning point in the lives of poor people all over the world. Let's make sure that it does!

**Statement by Han Seung-soo, President of the General Assembly of the United Nations**

I would like to express my profound gratitude to the Government and people of Mexico for hosting this meeting and especially for the warm hospitality extended to all of us. The contributions that Mexico, under the leadership of President Fox, is making to better global governance are a source of inspiration and encouragement for the entire international community. I have no doubt that President Fox's dynamic leadership and keen insight will do much to facilitate a successful conclusion. I would also like to pay tribute to Dr. Ernesto Zedillo for the most valuable contributions he has made as the Chairman of the High-Level Panel on Financing for Development.

Now, more than ever, the challenge of development is the central task confronting humankind. The rapid pace of globalization and the rise of information technologies have given an added urgency to the development agenda. Countries that fail to grasp these unprecedented opportunities in time risk falling permanently behind in the race for development.

In September 2000, world leaders gathered in New York adopted the United Nations Millennium Declaration, which presents a clear vision for the future and, on that basis, sets forth international development targets to be achieved by 2015. Eighteen months have passed since then, and progress towards achieving those targets has been rather slow. Something must be done to galvanize the global political will for an accelerated drive to meet the Millennium Declaration targets. This Conference is our best hope to provide the needed momentum.

In the wake of 11 September, we were forcibly reminded that development, peace and security are inseparable. Underdevelopment and extreme poverty are breeding grounds for violence and despair, thus undermining peace and security for developed and developing countries alike. When the terrorists struck the United States in September 2001, they also dealt a heavy blow to the fragile economies of scores of developing countries. We must find a way to break the vicious cycle of poverty, despair, and violence. And I am convinced that the United Nations Millennium Declaration points the way forward.

I need hardly emphasize that each country should take primary responsibility for its own economic and social progress. In that regard, I also want to stress that no country can achieve sustainable development without meeting at least three preconditions. First, it must have access to financial resources, domestic or external, or most likely a combination of the two. Second, it needs the human capacity to efficiently absorb those resources and the wherewithal to build greater human capacity as more resources are generated. And third, it requires the "appropriate" intangible infrastructure, such as markets to make productive use of available resources.

The core elements of intangible infrastructure include free enterprise, good governance, sound macroeconomic policies, a strong anti-corruption ethic and the transparently applied rule of law. If those are present in large measure, a healthy

market economy will, I believe, almost inevitably develop as a result. The preconditions I have broadly described, when met, will not only promote efficient domestic resource allocation but also attract substantial inflows of external financial resources.

Often, developing countries lack an adequate level of domestic savings to finance rapid development. Also, during certain periods and in certain circumstances, inflows of external private capital may fall far short of what is needed. Under such conditions, Official development assistance plays a crucial role in promoting development. The importance of domestic savings, foreign borrowings, FDI and ODA in financing development should not be understated. However, I believe that the most important potential and very self-reliant source of such financing for the developing countries is export earnings. In the post-Second World War period, virtually every country that has completed the transition from underdevelopment to development has relied primarily on income from exports. That pattern of development can be no less apparent at the start of the twenty-first century, the century of globalization.

But for such a strategy to succeed, the developed countries must make their markets more open and accessible to the developing countries and maintain the high levels of growth needed to absorb ever rising imports. And so it is gratifying to note that the United States economy is now showing signs of recovery. I would strongly urge other developed countries to adopt the kind of growth-stimulating policies that would enable them to boost domestic consumer spending, thus benefiting both local consumers and overseas exporters, many from developing countries.

I am pleased to note that the Monterrey Consensus includes the recognition that the United Nations, particularly the General Assembly and the Economic and Social Council, should play a central role in enhancing the coherence, governance and consistency of the international monetary, financial and trading systems. Based on my own experience of the General Assembly, I firmly believe that the General Assembly and its high-level dialogue constitute the most appropriate forum for monitoring and facilitating implementation of the present Conference's outcome, given its universal membership of 189 States and its character as the chief deliberative and policy-making organ in the United Nations system.

It is my profound hope and sincere expectation that through the Monterrey Consensus the global community will be able to achieve the internationally agreed upon goals and objectives, including those contained in the Millennium Declaration. Taken as a whole, they present to us a vision of mankind's future that should inspire our best efforts on behalf of both the six billion human beings alive today and the generations yet unborn.

In his Nobel lecture delivered in 1990, the great Mexican writer Octavio Paz lamented as such: "The advanced democratic societies have reached an enviable level of prosperity; at the same time they are islands of abundance in the ocean of universal misery". I believe that the global community has both the power and the will to cause that ocean to recede and, in time, to build up continents of prosperity where once there were only islands of abundance. Let us commit ourselves heart and soul to this most ambitious of all reclamation projects.

**Statement by James D. Wolfensohn, President of the World Bank Group**

Please allow me to thank both our host, President Vicente Fox of Mexico, and Secretary-General Kofi Annan for organizing the Conference.

As most of you know, the World Bank has been very closely involved in the financing for development process. We believe this is a great opportunity to reinforce our collective commitment to expand the opportunities and resources necessary to halve world poverty by 2015 and meet the other millennium development goals.

It is apt that we meet here in Monterrey. For Mexico today exemplifies much of what can be achieved from open markets, capacity-building, the creation of an investment climate, good fiscal and monetary policies, an attack on corruption and a commitment to democracy. Mexicans should be proud of their progress. But Mexico also shows how resilient inequality and exclusion can be. Development is a long road. We must not underestimate the challenge ahead.

This Conference brings together heads of State and Government, foreign, finance, development and trade ministers, civil society, business leaders and international institutions for perhaps the first time in an international meeting. And for perhaps the first time in an international meeting there is greater consensus than ever before about what needs to be done.

We must not squander that opportunity. Nor must we forget why we are here. All people have a right to human dignity. All people have a right to control their own lives. Yet for billions poverty snatches that right away. People have a right to opportunity — in education, trade and building a better future for their children. We must not fail them.

I have spoken before of an imaginary wall that separates the rich world from the poor. For too long belief in that wall, and in those separate and separated worlds, has allowed us to view as normal a world where less than 20 per cent of the population — the rich countries — dominates the world's wealth and resources and consumes 80 per cent of its income.

There is no wall. There are not two worlds there is only one. Here at Monterrey, we must rid ourselves of that wall once and for all. We must recognize the link between progress in development and progress in peace so that generations to come will point to Monterrey and say "something new began at Monterrey: a new global partnership was born at Monterrey". And we will remember, and we will tell our children — we were there and we did not fail. For the opportunity is ours to seize.

What is this new partnership? It is an understanding that leaders of the developing and developed world are united by a global responsibility based on ethics, experience and self interest. It is a recognition that opportunity and empowerment — not charity — can benefit us all. It is an acknowledgement that we will not create long-term peace and stability until we acknowledge that we are a common humanity with a common destiny. Our futures are indivisible.

And we have the makings of just such a new partnership before us. A new generation of leaders is taking responsibility in developing countries. Many of those leaders are tackling corruption, putting in place good governance, giving priority to investing in their people, and establishing an investment climate to attract private

capital. They are doing it in the private sector, in civil society, in government and in communities. They are doing it not because they have been told to but because they know it is right. We must support more and more countries in taking that path.

And in rich countries, growing numbers of people are beginning to understand that poverty anywhere is poverty everywhere, that imaginary walls will not protect us. And their leaders are listening. I very much welcome — as should we all — the recent decisions by President Bush and the European Union to boost aid spending. There is no debate that our efforts need to be focused and effective. On this we are all agreed. Too much money has been squandered in the past by decisions determined by politics instead of development. I look forward to the forthcoming discussions on increasing the effectiveness of the development community as a whole.

We have come a long way in just a week. But we must not stop there. This is not just about resources. It is about scaling up — moving from individual projects to programmes, building on and then replicating, for example, microcredit for women or community-driven development, in which the poor are at the centre of the solution not the end of a handout. It is about recognizing that any effort to fight poverty must be comprehensive. We know there is no simple formula that alone will defeat poverty, but we know too that there are conditions that foster successful development: education and health programmes to build the human capacity of the country; good and clean government; an effective legal and justice system; and a well-organized and supervised financial system. It is about recognizing that debt reduction for the most highly indebted poor countries is a crucial element in putting countries back on their feet, and that the funds released by debt relief can and must be used effectively for poverty programmes. And we must push ahead with that programme.

We know that, in countries with good governance and strong policies, aid can make an enormous difference. Yet we know too that corruption, bad policies and weak governance will make financial aid ineffective — even counterproductive.

We must support nations to build capacity so that they can create an investment climate and invest in their people, create jobs, increase productivity and boost investment in health and education. This is not about rich countries telling developing countries what to do; it is about creating a chance for developing countries to put in place policies that will enable their economies to grow. Policies that are home grown and home owned. For the surest foundation for long-term change is not development by fiat but social consensus.

But even if developing countries do all this, we estimate that it will take somewhere between $40 to $60 billion in additional resources a year to meet the millennium development goals. We have made a fine start. But we must not stop here. Let us work together for results and build the pressure for additional funds as we succeed in using effectively the funds now promised.

Nor can we shrink from taking action on trade. We must keep urging rich countries to tear down trade barriers that harm the world's poorest workers, depriving them of markets for their products. There will be powerful lobbies ranged against any such action. But it is the task of leaders to remind electorates that the lowering of trade barriers will not cost the rich countries anything in the aggregate; they gain from freer trade in these areas far in excess of any short-term costs of

adjustment. There is little sacrifice required and no excuse for failing to take action that would leave all countries better off.

Rich nations must also take action to cut agricultural subsidies — subsidies that rob poor countries of markets for their products; subsidies that are six times what the rich countries provide in foreign aid to the developing world. Trade and agriculture must be a crucial part of the new global deal.

In one week alone, we have seen new commitments on resources, and we have heard new words on interdependence. In recent months, we have seen the launch of a promising new trade Round. We have had a taste of what is possible. But we do not have much time. In 25 years, 2 billion more people will join our planet — the challenge will be greater, the pressure on resources will be more acute and the chances of success may be slimmer. Let us not have come this far to stop now. Let us build on this momentum as we move forward to Johannesburg. Let us tell our children, "We seized the moment; we did not fail".

**Statement by Horst Koehler, Managing Director of the International Monetary Fund**

I would like to join in giving thanks to President Fox for hosting this Conference, and I would also salute the leadership of Kofi Annan, who has been a constant source of wise advice and friendship. This Conference should become a milestone in the fight against world poverty. I do think it is possible to achieve the millennium development goals. IMF is deeply committed to playing an active part in that effort. It is an honour to share my vision of the IMF role, and to seek your input and support.

I welcome the intensive and critical debate about globalization. We need to work for a better globalization — one that provides opportunities for all and one in which risks are contained. But let us not confuse ourselves — integration into the global economy is good for growth, and growth is essential for fighting poverty. The world needs more integration, not less. But it also needs stronger international cooperation to guide and shape the process of globalization. We must do our utmost to ensure that people at the local level understand the process, are engaged and have the means to take advantage of its opportunities. We need to build bridges through dialogue, cooperation, and inclusion, to create a sense of global ethics. And the interactions between people and nations must respect human rights, while recognizing personal and social responsibility.

I am encouraged that there is an unprecedented degree of agreement about what is required to overcome world poverty. The Monterrey Consensus defines the right priorities. It makes clear that nothing will work without good governance, respect for the rule of law, and policies and institutions which unlock the creative energies of the people and promote investment, including foreign direct investment. It also recognizes that when poor countries are ready to live up to those responsibilities, the international community should provide faster, stronger and more comprehensive support. I see four priorities for that support:

- Trade is the most important avenue for self-help. It generates income and reduces aid dependency in poor countries, and creates a win-win situation for all. We must work ambitiously to open markets and phase out trade-distorting subsidies in the industrial countries, and to reduce barriers to trade among

developing countries. I share Mike Moore's appeal that Doha should be the start of a true "development round".

- Second, the international community should stick to the target of 0.7 per cent of GNP for official development assistance. And it should also stick to the principle of channelling support through budget laws because that is the most transparent, accountable and concrete expression of solidarity. The commitment by EU to raise ODA to an average of 0.39 per cent of GNP by 2006 and the recent proposal by President Bush are significant steps forward. I am confident that even stronger support will be possible if the public understands aid even better as an investment in peace, stability and shared prosperity, and — equally important — if poor countries demonstrate that they are putting aid to good use.

- Debt relief is another essential element in a comprehensive effort to fight poverty. The IMF and World Bank are working hard to make the enhanced HIPC initiative a success. But in all our work on debt relief, we should not forget that the ability to lend and borrow is an important element of financing for development, or that trust that contracts will be honoured is essential for a modern economy and a stable international financial system. I would challenge civil society organizations to devote as much energy and attention to a worldwide campaign to increase aid and trading opportunities for poor countries as they have to the successful effort on debt relief.

- Finally, we have to recognize that slow progress in the reforms needed to fight poverty often reflects lack of institutional capacity rather than lack of political will. Our response should be to pay even more attention to capacity-building in our work with poor countries. That is why IMF recently opened regional technical assistance centres in the Pacific and the Caribbean, and why I have proposed to set up regional centres in Africa in the Fund's core areas of responsibility, as part of our support for the New Partnership for Africa's Development (NEPAD).

IMF itself is in a process of reform, learning from experience and driven by our desire to make globalization work for the benefit of all.

- We are making IMF transparent and advocating transparency for our member countries.

- Knowing that financial crises can undo years of economic and social progress, we are concentrating more than ever on crisis prevention.

- We are actively promoting rules of the game for the global economy, through our work on standards and codes.

- We are helping our members to strengthen their domestic financial sectors, and to combat money-laundering and the financing of terrorism.

- In our work on international capital markets, we are looking equally at risks in emerging markets, and risks coming from the advanced countries.

- We are trying to define more clearly the roles of IMF and private creditors in financial crises. I believe it is essential to be able to resolve unsustainable debt situations in a more orderly, faster and less costly manner. I therefore welcome

the ongoing debate on IMF management's proposal for a sovereign debt restructuring mechanism.

- We have become more focused on IMF's core responsibility for macroeconomic stability, not as an end in itself but as a precondition for sustained growth, and because the poor suffer most from high inflation, unsound public finance and volatility.
- We are also taking steps to focus IMF conditionality and make room for true national ownership of reform programmes.
- And we are working in close cooperation with other international institutions, especially the World Bank and the broader United Nations family.

We recently completed a thorough review of the poverty reduction strategy paper process, pioneered two years ago by IMF and World Bank, and the IMF Poverty Reduction and Growth Facility. Our worldwide outreach, including the United Nations and civil society, has confirmed that the process is a promising approach for tackling poverty systematically. Why?

- First, because it is a country-led approach.
- Second, because it is a comprehensive, long-term approach, which integrates economic and social perspectives.
- And third, because it aims at broad consultation and engagement with domestic stakeholders and development partners.

Our reviews showed that there is room for improvement. We want to make sure that every paper and Facility-supported programme is tailored to the circumstances of individual countries. We will be working for an open dialogue with stakeholders about the content of reforms and possible alternatives. We need to pay more attention to the sources of sustainable growth, and to poverty and social impact analysis. And donors must better align their assistance with papers, simplify and harmonize their procedures, and work for more predictable aid flows.

It would be right to adopt the proposed "Monterrey Consensus" as an outcome of the present Conference. Beyond Monterrey, we must transform this consensus into concrete action, with a sense of urgency. And we need to develop a comprehensive and transparent system to monitor progress towards the millennium development goals. As part of that process, we should identify more clearly the respective responsibilities of poor countries and their development partners-donor countries, international institutions, the private sector and civil society. On that basis, we can establish better accountability. I would have no hesitation in subjecting IMF to the scrutiny of such a monitoring system, provided that it did not produce bureaucracy and would apply equally to all the parties involved.

With a concerted effort, I am optimistic that we can achieve the goals we have set. The global economy appears to be in a process of recovery. The United States has demonstrated leadership through timely policy action to minimize the risk of a more severe downturn. And I am confident that developing countries will benefit. The resilience of the global economy and financial system shows that the initiatives to strengthen the international financial architecture are beginning to pay off. The implementation of the Monterrey Consensus should be the next chapter in our efforts to create a better world.

**Statement by Mike Moore, Director-General, World Trade Organization**

I come to you with a clear and simple message: poverty in all its forms is the greatest single threat to peace, democracy, human rights and the environment. It is a time-bomb against the heart of liberty; but it can be conquered, and we have the tools in our hands to do so, if only we have the courage and focus to make proper use of them.

One of those tools is trade liberalization. It can make a huge contribution to the generation of resources for the financing of development. Study after study has shown the enormous impact of trade liberalization. Let me cite but one example. Everyone, globalizer or opponent, NGO or multinational, left or right on the political spectrum, would agree that health and education form the fundamental basis of any development programme. Recent studies have estimated that the cost of achieving the core millennium development goal of universal primary education could be in the region of US$ 10 billion per year. Yet developing countries would gain more than 15 times that amount annually from further trade liberalization, according to one study by the Tinbergen Institute.

Indeed, the staff of IMF and the World Bank estimate that reaching all seven of the millennium development goals would require an additional US$ 54 billion annually — just one third of the Tinbergen estimate of developing country gains from trade liberalization. And the World Bank's *Global Economic Prospects* report estimates that abolishing all trade barriers could boost global income by $2.8 trillion and lift 320 million people out of poverty by 2015.

Of course, those are only estimates and we can quibble about the figures. But the basic message is clear: if Governments put their minds to it, the new trade round launched at Doha can bring huge benefits. It is the immense magnitude of the benefits of trade liberalization, which makes the work your Governments are doing in implementing the Doha Development Agenda so potentially important as a source of finance for development.

Poor countries need to grow their way out of poverty, and trade can serve as a key engine of that growth. But currently, products of developing countries face many obstacles in entering the markets of rich countries. Rich countries need to do more to reduce trade-distorting subsidies and dismantle their existing barriers on competitive exports from developing countries. So a basic priority of the international trade community must be — as the Doha Development Agenda recognized — the creation of conditions in which developing countries can maximize the gains they are able to reap from trade. This requires action in four key areas:

- *Agriculture*: this is the backbone of almost all developing economies. The poorest part of the population — living in the rural areas — depend for their incomes on the development of a sustainable and productive agricultural sector. Nearly 50 developing economies depend on agriculture for over one third of their export earnings. Nearly 40 of them depended on agriculture for over 50 per cent of their export earnings in 1998-2000. Yet massive agricultural support in the OECD countries undercuts the developing countries and forces even the most efficient producers out of markets where they would otherwise be earning foreign exchange. The number one element of a true development agenda will therefore be to reduce substantially such support (and

to eliminate the specific export subsidies — but those are only a very small fraction of total agricultural support payments, which reach a billion dollars a day). In addition, the average OECD-bound tariff rate for agricultural products is four times that on industrial products. The return to developing countries in that one area would be eight times all the debt relief granted developing countries thus far. Complete liberalization in all sectors — agriculture, services and manufactures — would amount to about eight times ODA. Rapid action is also needed on this.

- *Textiles and clothing*: this is the greatest export earner for many developing countries, and negotiations must ensure that the sector is cleanly "integrated", as planned for 1 January 2005. Given the back-loading of that agreement, with the bulk of changes substantively improving export prospects of developing countries being left until the final year, there is every reason to be extremely vigilant.
- *Tariff peaks*: study after study has shown how, despite low average non-agricultural tariffs, the products in which developing countries are competitive nevertheless continue to attract relatively high tariffs (in both developed and developing countries); those must imperatively be beaten down in the negotiations if trade is to provide the needed boost to resources for development.
- *Tariff escalation*: even more insidious an issue than tariff peaks is that of tariff escalation, which tilts the tables against the development of indigenous processing/transformation (and thus movement up the value-added chain). If developing countries are ever to diversify their economies away from their dependence on a few primary products for most of their foreign exchange earnings, cutting them off from the most dynamic part of world merchandise trade, such escalation must be rooted out.

How do we pay for our dreams and the vision of this Conference? The restrictions I've outlined are costly to the countries that maintain them. For example, protection costs the European Union, the United States and Japan between US$ 70 and US$ 110 billion each annually. The net losses to the United States associated with its textile and clothing import restrictions alone amount to over $10 billion annually.

This Conference is about financing development in an era when private foreign direct investment outnumbers ODA fourfold, and is 10 times the World Bank's development lending. Knowing that no country has too much invested, we should encourage an international agreement on investment. It's on the Doha Development Agenda, but many countries don't yet feel they have the ability to cope with the complexities of such negotiations.

Other important development and good governance issues, such as transparency in government procurement, competition policy and trade facilitation, need direction from the highest political levels. Trade facilitation, according to APEC and UNCTAD studies, will generate huge returns. An Inter-American Development Bank study showed how in South America, a truck delivering products to markets across two borders took 200 hours, 100 hours of which were bound up in bureaucratic delays at the border. The need for such public service infrastructure

improvement is desperately urgent to protect and promote domestic property rights and justice systems. Domestic red-tape and bad governance is costly and corrosive.

The poor's assets need to be legitimized. In Latin America, 80 per cent of all real estate is held outside the law. The extra-legal sectors in developing countries account for 50-70 per cent of all working people. In the poorest nation in Latin America, the assets of the poor are more than 150 times greater than all foreign investment since their independence in 1804. In one African country, it took 77 bureaucratic procedures at 31 public and private agencies to legally acquire land.

And if the United States were to raise its ODA to the United Nations target of 0.7 per cent, it would take the richest country on the planet 150 years to transfer to the world's poor resources equal to those they already possess. Unlocking and securing those investments, talent and skill is the challenge. That is where we can converge with the ambitions of NEPAD and other bold initiatives.

Developing countries need not wait until the conclusion of the Doha development round. South/South trade in the 1990s grew further than world trade, and now accounts for more than one third of developing country exports, or about $650 billion. The World Bank reports that 70 per cent of the burden on developing countries' manufactured exports result from trade barriers of other developing countries. The quicker those walls come down, the quicker the returns to developing countries.

So the way forward is clear: you should resolve at the present Conference to instruct your trade ministers to ensure that their officials cast aside the petty mercantilist methodology, which has pervaded trade negotiations for so many decades, in favour of a grand bargain that would see the barriers I mentioned above (and others which persist in areas I have not mentioned) dismantled. Then trade can play its important role in generating finance for development — a role which, not incidentally, would also reduce significantly the burden on other facets of the finance for development equation.

I have good news to report from Geneva. Donor Governments have kept their word, giving us increased funding in our core budget for additional technical assistance to ensure developing countries can participate fully in the new Round. In addition, our pledging conference gave us Swiss francs 30 million, double our target. We must redirect ODA and technical assistance to train negotiators, build efficient customs regimes and plug porous tax systems. We must give as much attention to building up the intellectual infrastructures of skilled public servants as we did to filling in potholes and building roads and dams.

The United Nations agencies have been very supportive of WTO and partnerships with sister organizations have been formed, increasing institutional coherence and making better use of your resources. The round is successfully under way, and everything from negotiating structure and time-tabling of meetings to consensus on chairpeople for all committees is on schedule. The Doha development round can be achieved and implemented on time. Conditionality was improved by developing countries at Doha, the condition for success will be improving capacity to provide for good governance to enable them to participate, negotiate, conclude and implement our agenda. This is being done. We must and we can succeed.

# Annex III

## Parallel and associated activities

### A. Non-Governmental Organizations Forum

1. In accordance with General Assembly resolution 54/279 and in pursuit of the objective of encouraging multi-stakeholder participation and ownership of the financing for development process, civil society organizations and leadership were involved from the outset in providing inputs, expertise and proposals to the International Conference on Financing for Development. Altogether, representatives of 557 non-governmental organizations attended the Conference (299 were in consultative status with the Economic and Social Council and 258 were accredited to the Conference).

2. Activities involving NGOs on the occasion of the Conference included the Global NGO Forum: Financing the Right to Sustainable and Equitable Development, held in Monterrey from 14 to 16 March 2002, which was organized by a Mexican steering committee, comprising six NGOs, in collaboration with an international support committee, including seven NGO networks. The Forum was held in a large auditorium in the Parque Fundidora (where the Conference venue was also located), and was attended by 2,600 persons, representing 700 organizations worldwide, including a number of government officials and representatives of the United Nations system, the World Bank and the International Monetary Fund. The Forum included eight thematic tents:

Tent No. 1. Mobilizing domestic resources, structural adjustment.

Tent No. 2. Foreign direct investment and trade.

Tent No. 3. Debt and ODA.

Tent No. 4. Systemic issues and the new international financial architecture.

Tent No. 5. Cross-cutting issues: gender, human rights, economic, social and cultural rights, environment, and labour issues (those issues were cross-cutting in all the tents; however, in this tent the issues were discussed in a general way).

Tent No. 6. Popular tent: a place for popular education.

Tent No. 7. Living together/co-existence, ecumenical space.

Tent No. 8. Artisan's space and media centre.

3. The Global Forum outcome was presented at the Conference.

4. NGOs held 13 daily issue-based and geographical-based caucus meetings, and participated in seven press conferences.

5. Fifty-seven side events were held during the Conference in the Conference Centre. The events were held in parallel to official meetings and during lunchtime and evening breaks, and were organized/co-sponsored by United Nations Member States (seven), official stakeholders (24) and other stakeholders (17 by NGOs and nine by business). Several other events were held outside the conference centre due to space limitation.

## B. International Business Forum

6. Business representation during the Conference focused on developing practical policy proposals to be discussed with Governments and international organizations. An important venue at which those ideas were disseminated and discussed was the International Business Forum, held on Monday, 18 March 2002. In addition, several follow-up dialogues were organized on subsequent days in parallel to the Conference. Business leaders from all over the world attended both the Forum and follow-up dialogues, and exchanged views with representatives of Governments and international organizations.

7 The Forum and follow-up dialogues were organized by a steering committee of business interlocutors, which was chaired by the International Chamber of Commerce and included the Business Council for the United Nations, the World Economic Forum, Money Matters Institute and Samuels Associates. The steering committee was advised and assisted by the financing for development secretariat.

8. A number of policy proposals were made by business representatives during the Forum and follow-up dialogues. All of those proposals were predicated on public/private initiatives and included the following ideas:

- The launching of a global information clearing house, with government-investor networks, independent expert groups and third-party audits.
- Mechanisms to enhance the financing of infrastructure projects in developing countries, particularly through easing access to debt finance.
- Setting up corporate restructuring funds to strengthen small and medium-sized enterprises in developing countries.
- Incubating local sources of venture capital.
- Linking microcredit with connectivity to redevelop Afghanistan.
- Producing investment guides to help least developed countries to attract new investment.

## C. Parliamentarians Forum

9. On 14 March 2002, parliamentarians met in Mexico City at the Parliamentarian Forum on the Conference. The aim was to analyse, from the parliamentarian perspective, the main issues of financing for development, and to define a common position and a statement to be presented at the Conference.

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