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Follow-up to and implementation of the outcome of the International Conference on Financing for Development

Report of the Secretary-General**

Summary

The present report responds to General Assembly resolution 59/225 of 22 December 2004. It provides updated information on the comprehensive review of the implementation of the Monterrey Consensus and reaffirms the policy actions contained in the report of the Secretary-General prepared for the High-level Dialogue on Financing for Development (A/59/822) and the note by the Secretary-General submitted to the special high-level meeting of the Economic and Social Council with the Bretton Woods institutions, the World Trade Organization and the United Nations Conference on Trade and Development, as well as the *World Economic and Social Survey: Financing for Development*. The report should be read in conjunction with the reports of the Secretary-General on the international financial system and development (A/60/163), external debt crisis and development (A/60/139) and international trade and developments in the multilateral trading system, as well as the annex to the note by the Secretary-General entitled "Implementation of the Monterrey Consensus: a regional perspective" (A/59/826). The report reflects the role of the Monterrey Consensus in providing the broad framework for the pursuit of the internationally agreed development goals and the Millennium Development Goals in preparation for the meeting on financing for development to be held during the High-level Plenary Meeting of the General Assembly in September 2005.

* A/60/150.

** The report was prepared with input from the major institutional stakeholders involved in the follow-up process. Responsibility for its contents, however, rests solely with the United Nations Secretariat. The document was submitted on 22 August 2005 to provide fuller coverage of events subsequent to the issuance of the report of the Secretary-General (A/59/822), prepared for the high-level dialogue held on 27 and 28 June 2005.

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I. Introduction

1. The International Conference on Financing for Development, in paragraph 72 of the Monterrey Consensus[1] which was endorsed by the General Assembly in its resolution 56/210 B of 9 July 2002, requested the Secretary-General to submit an annual report on follow-up efforts by all relevant stakeholders of the financing for development process. That request was reiterated by the General Assembly in resolution 59/225 of 22 December 2004, on the follow-up to and implementation of the outcome of the International Conference on Financing for Development, in which it requested the Secretary-General to submit to it an annual analytical assessment of the state of the implementation of the Monterrey Consensus and of the resolution, to be prepared in full collaboration with the major institutional stakeholders. The present report, which responds to the aforementioned requests, is complemented by the report prepared by the Secretary-General for the General Assembly's High-level Dialogue on Financing for Development held in New York on 27 and 28 June 2005 (A/59/822), the note by the Secretary-General submitted to the special high-level meeting of the Economic and Social Council with the Bretton Woods institutions, the World Trade Organization and the United Nations Conference on Trade and Development held in New York on 18 April 2005 (E/2005/50) and the *World Economic and Social Survey 2005: Financing for Development*,[2] which all assess the follow-up to the Monterrey process in respect of its contribution to the preparation for the High-level Plenary Meeting of the General Assembly, to be held from 14 to 16 September 2005. To avoid duplication, the present report provides updated information on the most recent and important initiatives and commitments undertaken by Governments and major institutional and non-institutional stakeholders. It draws on input received from the major institutional stakeholders; however, as in previous years, the responsibility for the contents of the report rests solely with the United Nations. Detailed information on the multifaceted activities carried out by stakeholders in follow-up to the Conference is posted and updated on a regular basis on the financing for development website, http://www.un.org/esa/ffd.

2. The present report highlights the importance of the issues dealt with in the follow-up to the Monterrey Conference for the deliberations of the High-level Plenary Meeting. This is expressed by the decision to hold the conclusion of the High-level Dialogue on Financing for Development within the framework of that Meeting. In this context, it is important to note that the General Assembly, in resolution 52/179 of 18 December 1997, recalling previous resolutions on the subject, created an ad hoc open-ended working group, the deliberations and recommendations of which initiated the process that led to the convening of the International Conference on the Financing of Development in Monterrey, Mexico, in March 2002. Against the background of a continuous decline in official development assistance (ODA) flows to developing countries, the main source of external funding for developing countries, particularly those in Africa and the least developed countries, the Assembly requested further exploration, in a collaboration between the United Nations development system and the Bretton Woods institutions, of ways to generate new public and private financial resources that would complement national development efforts. Motivated by the complex, multidimensional process of development for which Governments have both individual and shared responsibilities, the Assembly requested a systematic, comprehensive and integrated high-level international intergovernmental

consideration of financing for development that would lead to a broader-based partnership for development.

3. The General Assembly provided additional focus and support to the process that culminated in the adoption of the Monterrey Consensus by giving more direct indications in the United Nations Millennium Declaration[3] of how development financing might free men, women and children from the abject and dehumanizing conditions of extreme poverty. To give a more objective, measurable and time-bound framework, Governments pledged to achieve a set of initial objectives which were summarized in the Millennium Development Goals. As noted in the recent report of the United Nations Millennium Project (see A/59/727 and Corr.1), the Monterrey Consensus offers the framework for international action to provide the financing measures required to achieve the Goals. It also notes that the Goals are not ends in themselves, but the necessary first steps in achieving broader development and international economic cooperation objectives. As recently emphasized in the report of the Secretary-General entitled “In larger freedom: towards development, security and human rights for all”, the Millennium Development Goals can only have their full impact when pursued as part of an even larger development agenda which also encompasses the needs of all developing countries, the impact of growing inequality, and the wider dimensions of human development (A/59/2005, para. 30). The Millennium Development Goals cannot be fully addressed without action to deal with longer-term issues, such as the differential impact of globalization, greater participation of developing countries in global economic governance, and the question of the interlinkages between development and conflict, as addressed by United Nations summit meetings and conferences. The global conferences of the 1990s and early 2000s, including the International Conference on Financing for Development, provide the framework for this broader development agenda.

4. The partnership embodied in the Monterrey Consensus calls upon developing countries to take greater responsibility for their own development by making additional efforts to use their resources more effectively and more efficiently. It also identifies the main areas in which their development partners in the developed countries can provide additional financing to supplement their increased efforts. These areas include: increasing the flow and distribution of private resources across all developing countries and increasing their development impact; providing greater opportunities for developing countries to access developed country markets through the creation of a development-friendly, equitable, rules-based international trading system; increasing the amount, effectiveness and alignment of ODA with domestic priorities and with the Millennium Development Goals; eliminating the debt overhang which has reduced the amounts of aid and domestic resources available for poverty reduction and longer-range development purposes; and, finally, providing an international environment which supports the efforts of developing countries to mobilize their resources and take full advantage of the international trading and financial system.

5. In anticipation of the High-level Plenary Meeting of the General Assembly, a number of special initiatives have been taken by developed countries, within the context of commitments made in the Monterrey Consensus, to ensure that efforts to provide financing for development are mutually consistent and reinforcing. In particular, measures have been taken to increase the amounts and effectiveness of development assistance, to provide additional innovative sources of finance and to

provide fuller debt relief. Another area in which there is great potential to provide support for development and for the achievement of the Millennium Development Goals is international trade. The negotiations on the Doha work programme will enter a crucial phase at the Sixth Ministerial Conference of the World Trade Organization (WTO), to be held in Hong Kong Special Administrative Region of China in December 2005. The High-level Plenary Meeting of the General Assembly thus provides an opportunity to mobilize high-level political support for the successful completion of the Doha round in 2006 and to maximize its development dimension.

II. Recent measures to increase international financial and technical cooperation for development

6. The Monterrey Consensus brought the importance of ODA back to the centre of discussion on financing internationally agreed development goals, including the Millennium Development Goals. At the time of the adoption of the Monterrey Consensus, official assistance as a share of developed country gross national income (GNI) had fallen to historically low levels of just over 0.2 per cent. Since the convening of the International Conference on Financing for Development, a number of important measures have been introduced to improve both the quantity and the quality of aid. Official assistance in current United States dollar terms increased to $78.6 billion in 2004. This has maintained the ratio of ODA for developed country members of the Development Assistance Committee of the Organization for Economic Cooperation and Development (OECD) at the high of 0.25 per cent first reached in 2003. If the commitments made at Monterrey in regard to additional assistance continue to be fulfilled, this ratio should rise to 0.30 per cent in 2006.

7. Official development assistance to the least developed countries, those most in need of financing to meet the Millennium Development Goals, has recovered even more strongly, to over $23 billion in 2003, a 60 per cent increase over 2001. However, this represents just under 0.1 per cent of developed country GNI, still well below the target of 0.15-0.2 per cent adopted in the Programme of Action for the Least Developed Countries for the 1990s.[4]

8. In May 2005, the European Union responded to the call made by the Secretary-General in A/59/2005 for all countries to achieve the 0.5 per cent target of GNI for ODA by 2009 and to set firm dates to reach the agreed target of 0.7 per cent. The European Union has agreed to an interim target of 0.56 per cent for 2010, representing an increase from €34.5 billion in 2004 to €67 billion in 2010. The European Union set 2015 as the time limit for achieving the 0.7 per cent target. In addition to those European Union members that already meet or exceed the target of 0.7 per cent,[5] several others have announced earlier deadlines, with France committing to its achievement by 2012, the United Kingdom of Great Britain and Northern Ireland to its achievement by 2013 and Germany and Italy to its achievement by 2015.

9. At the meeting of the Group of Eight in Gleneagles, Scotland, in July 2005, additional commitments to increase assistance were made. According to the OECD Development Assistance Committee, the new commitments undertaken before and during the meeting will increase development assistance by around $50 billion a year by 2010, compared with 2004. In particular, a doubling of aid to Africa was

announced, valued at $25 billion per year by 2010. The United States of America announced that it would double its aid to sub-Saharan Africa by 2010 and Canada indicated that it would do so by 2008/09. Japan committed to doubling its official assistance by $10 billion over the next five years and doubling its assistance to Africa over the next three.

10. In addition to the reversal of the declining trend in the magnitude of ODA since the convening of the Conference at Monterrey, there have been significant steps taken to improve aid effectiveness. The second OECD High-level Forum on Joint Progress Towards Enhanced Aid Effectiveness, held from 28 February to 2 March 2005, agreed on more than 50 commitments to improve aid quality. The resulting Paris Declaration on Aid Effectiveness was the result of collaboration between donor and recipient countries. An important advance was the agreement to monitor the progress made in meeting the agreed commitments against 12 indicators of aid effectiveness by means of targets to be agreed in time for the High-level Plenary Meeting in September 2005. To this end, the Development Assistance Committee Working Party on Aid Effectiveness met on 30 and 31 May and 7 and 8 July 2005 and produced a set of formal proposal for targets for 11 of the indicators.[6] For the remaining indicator, on untying aid, the target agreed in Paris of continued progress has been maintained.

11. It is increasingly recognized that conditionality attached to aid often conflicts with the objective of increasing responsibility of developing countries for their domestic development strategies through increased national ownership and may thus impede aid effectiveness. The United Kingdom recently proposed[7] to substitute traditional policy conditions set by donors with agreed benchmarks for measuring the progress made in reducing poverty. Attaining these benchmarks will become the basis on which both the donor and recipient country will be accountable to their citizens. The proposal also seeks to make aid more predictable and more transparent by framing firm commitments as to the circumstances under which accountability to donor country taxpayers will require the consideration of interruption or reduction in agreed aid flows. The new approach aims to increase the amount of poverty reduction budgetary support and reduce reliance on an ongoing International Monetary Fund (IMF) support programme as the only indicator of policy performance. In this regard, the proposal recommends increased support for a poverty and social impact analysis that will allow developing countries recipients of aid to make more informed decisions on how the budgetary support will be used. The United Kingdom has indicated that it will encourage the major official institutional donors to join it in this attempt to increase aid effectiveness by reducing imposed conditionality and increasing national ownership.

12. The European Commission has recently announced a major initiative for a common vision of development policy in the European Union, known as the "European Consensus". Of particular importance is its attempt to coordinate assistance among all members of the Union and to strengthen ownership, ensure the financing of essential operating budgets, promote sound and transparent management of public finances and align aid with the national procedures of the partners. It is proposed that general or sectoral budgetary support play an increasingly predominant role in the implementation of European aid. In this respect, the new approach recognizes the need to ensure stable and predictable longer-term aid commitments so as to allow recipients to engage in medium-term measures. It proposes the development of new, less volatile mechanisms which

would enable countries that have made sufficient progress in reducing poverty to embark on medium-term expenditure programmes, in particular to cover the recurring costs connected with the human resources necessary to guarantee access to basic services. This would improve the assessment of investments needed for a sustainable approach, the benefits of which are sometimes apparent only in the long term.[8]

13. Progress has also been achieved recently in the discussion of new and innovative ways to increase the sources of international development finance. Annex II of the Gleneagles Communiqué, on financing commitments, calls for consideration by a working group of the means for carrying out innovative financing mechanisms that can help to deliver and bring forward the financing needed to achieve the Millennium Development Goals.

14. A pilot project for the international finance facility proposed by the United Kingdom has been announced by the Global Alliance for Vaccines and Immunization, with the cooperation and support of the French and British Governments. The French and Brazilian Governments, members of the Action against Hunger and Poverty initiative, have recently announced their intention to introduce a pilot project for a global solidarity contribution based on air tickets as a new source of financing. Both proposals have received support in recent communiqués of the Group of Eight.

15. The technical group constituted by the Presidents of Brazil, Chile and France, subsequently joined by Spain, Germany and Algeria, has continued to examine proposals for innovative sources of finance, including those mentioned in its report and in the study undertaken by the World Institute for Development Economics Research of the United Nations University,[9] and commissioned by the United Nations Secretariat at the request of the General Assembly. Similarly, several reports requested by the Development Committee of the World Bank and IMF on innovative sources of finance have been completed and discussed at its meetings in October 2004 and April 2005.[10]

III. Proposals on external debt relief

16. At its meeting in Gleneagles in July 2005, the Group of Eight endorsed a proposal made on 11 June 2005 by the Group's finance ministers to complete the Heavily Indebted Poor Countries (HIPC) process by providing full relief for countries that reach the completion point for their official debt to the World Bank, the African Development Bank and IMF.[11] The Group made assurances that it would provide additional funding that would not compromise the ability of these institutions to continue to provide adequate levels of development lending. Prior to its implementation, the proposal must be approved by all shareholders of the respective institutions, not only the members of the Group of Eight. This is expected to take place at the annual meetings in September 2005.

17. If approved in its present form, the proposal would apply to the 18 countries that have reached the completion point and, with the recent addition of Burundi, to 10 countries currently at the decision point upon their reaching the completion point. In addition, there are 10 countries in the programme that have yet to reach the decision point. Since the sunset clause to terminate the enhanced HIPC Initiative was recently extended for two years, it is possible that additional countries may yet

qualify for relief. It is therefore difficult to determine exactly the extent of the additional funding that will be required to maintain the financing capacity of the lending institutions.

18. Relief granted on debt under International Development Association (IDA) lending would be offset by the pledges of member States to increase contributions in an amount equal to relief granted. Given past funding shortfalls in the programme, it is important that these pledges be made ironclad, so that the debt relief is indeed additional to existing official assistance and does not produce a decline in resources to countries that do not qualify for the relief.

19. For IDA and African Development Bank debt relief, post-completion point countries that are on track with their current debt-service obligations will be relieved of their repayment obligations, but their gross assistance flows will be reduced, dollar for dollar, by the amount forgiven. The lending capacity thus recovered will be allocated to eligible countries according to policy performance. While this measure goes to meet the assurance that lending capacity will not be compromised, it may conflict with some recent proposals to reduce and streamline conditionality, as suggested in the measures for increasing aid effectiveness referred to above (see paras. 11-12 above).

20. While the proposal seeks to resolve known difficulties in ensuring debt sustainability for countries emerging from the HIPC process, it leaves others unresolved. In particular, a number of countries facing severe debt-service burdens which are not eligible for the HIPC Initiative are excluded. Although there were indications that relief might be extended to non-HIPC low-income developing countries, no suggestions to modify the proposals have been made by either bilateral or multilateral lenders.

21. In contrast to the proposed relief for debt to the World Bank and the African Development Bank, relief granted on debt to IMF would be financed from its own resources. However, a principle of uniformity of treatment applies to use of the Fund's resources under its Articles of Agreement, so that it is possible that the proposal, as it applies to IMF debt, might be amended to extend relief to countries facing similar debt burdens. If this were to be the case, there is some doubt that IMF could cover these amounts without additional resources. It had initially been suggested that this financing might be provided by additional gold sales.

22. Since the proposal only covers a limited number of official lenders, it leaves the countries that qualify with substantial debt burdens to other institutions, such as the Inter-American Development Bank, the Caribbean Development Bank and the Asian Development Bank, as well as with debt to bilateral official creditors which have not participated in the Paris Club, debts to commercial creditors and debts under the equal treatment clauses of the Paris Club incurred after the cut-off date. This means that the proposal will have a differential impact across countries with similar debt burdens and in different regions.

23. The proposal also has implications for the approach of institutional lenders to debt sustainability, the full implications of which can be assessed only when the final form of the proposals is determined. Entrance into the enhanced HIPC Initiative and the degree of relief granted upon reaching the completion point was determined by a set of debt sustainability threshold ratios. These indicators have been subject to extensive criticism and the proposal will further change their

relevance since the full elimination of debt owed to the three international financial institutions will produce ratios well below the thresholds. While the World Bank and IMF have recently proposed a new, forward-looking approach to debt sustainability which is to be applied to the share of loans and grants received by a country under the fourteenth replenishment of IDA, this new approach provides little guidance in assessing borrowing and debt patterns for countries receiving 100 per cent debt relief. In particular, preliminary analysis suggests that countries emerging from the HIPC process and receiving full relief might have values of the relevant ratios well below the new threshold ratios,[12] which excludes them from receiving grant-based aid and creates the possibility of a new cycle of borrowing.

IV. Progress in achieving the development dimension of the Doha round

24. A successful conclusion of the Doha round of multilateral trade negotiations can make a significant contribution to global efforts in respect of poverty alleviation and development. In August 2004, the General Council of WTO agreed on a negotiating framework for the key areas of agriculture, market access for non-agricultural products, services, trade facilitation and reinforcing the priority of the development dimension of the Doha work programme (A/C.2/56/7, annex) to bring about tangible and timely results for developing countries. While the original deadline of January 2005 for concluding the round has passed, negotiations are ongoing on the modalities to be agreed at the Sixth Ministerial Conference of WTO, to be held in Hong Kong Special Administrative Region of China in December 2005 with the intention of concluding the round by 2006.

25. The Secretary-General has urged negotiators from all countries to reach agreement on an end-game document at the Ministerial Conference, which would help to ensure that negotiations can be completed by the end of 2006 in a way that fulfils the developmental promise of the Doha round. In its recent Gleneagles Communiqué, the Group of Eight called for the negotiations to be brought to conclusion by the end of 2006. The Group has pledged to work to increase the momentum towards realizing an ambitious and balanced outcome in the negotiations.

26. In his most recent status report,[13] the Director-General of WTO has noted that negotiators have thus far been unable to translate this high-level political commitment into concrete progress. Despite the vast amount of work done in the past year and advances in some areas, the progress made has been insufficient to provide significant results across the broad range of issues necessary to satisfy the ambitious, development-oriented results that are expected to emerge from the Sixth Ministerial Conference.

27. One of the most important aspects of the Doha work programme is the focus on commodities, and in particular the creation of a subcommittee to deal with cotton in the agricultural negotiations.[14] However, commodity-dependent countries, particularly in Africa, will require an integrated approach, including special support to diversify their exports, add value to their commodity exports, build the associated supply capacity, manage commodity price volatility and develop a new generation of commodity financing schemes. In this context, the international task force on commodities proposed at the eleventh session of the United Nations Conference on Trade and Development is still to be made operational.[15] At their recent meeting, the

finance ministers of the Group of Eight announced the creation of a trust fund to support poor countries facing commodity price and other exogenous shocks, to be financed from voluntary contributions, including those from oil-producing States.

28. The Secretary-General has also called on the members of WTO to act decisively in support of the attempts of the poorest countries to achieve the Millennium Development Goals by granting bound, duty-free, quota-free treatment for the exports of the least developed countries to developed countries, coupled with effective standards-related capacity-building in the least developed countries to overcome market entry barriers.[16]

29. To fully realize the benefits of the Doha round, a number of stakeholders[17] have proposed the creation of an aid-for-trade fund to provide finance to meet the adjustment costs that arise from trade reform, to help to provide the hardware and software of trade-related infrastructure and to build capacity and competitiveness in regard to commodities, manufacturing and services.

30. South-South trade is an important aspect of developing countries assuming responsibility for their own development. A major step in using trade liberalization to achieve this end came with the announcement at the eleventh session of the United Nations Conference on Trade and Development of the agreement to launch a third round of negotiations on the Global System of Trade Preferences among Developing Countries to be completed by November 2006.

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

31. The systemic agenda addressed by the Monterrey Consensus covers two broad groups of issues. The first relates to the structural features of the international monetary and financial system and the possible vulnerabilities that they generate for the world economy and for developing countries in particular.[18] The second relates to the institutional design of the current international financial and trading system. During periods of global financial stress, these issues appear urgent and attract the attention of the international community. However, they are long-term issues which are better addressed in periods in which there is ample time to assess and implement measures to help to overcome the challenges that they present.

32. The importance of the first of these issues has been highlighted by growing concerns about global macroeconomic imbalances. The risks associated with various ways in which the imbalances might be adjusted will have direct implications for world economic growth and in particular for the conditions facing both middle-income developing countries and the least developed countries. Consequently, there is an obvious need for greater international cooperation and coordination to address the policy requirements for reducing global imbalances without a slowdown of global growth and/or the creation of turmoil in the global financial market.

33. Another key structural issue is the evolution of the global financial system. Technological innovations and deregulation have produced profound changes over the past several decades. Although these have brought important advantages and have had positive effects, this transformation poses new, and often yet unknown, potential increases in systemic risk. In particular, the likelihood and frequency of

cycles of boom and bust seem to have increased. It is therefore increasingly important that macroprudential elements be incorporated into financial regulation, both in developed and developing countries, to establish cushions as financial imbalances build up during the upswing in order to both restrain excesses and give more scope to supporting losses in the downturn. This implies introducing some degree of counter-cyclicality into financial regulation, which would compensate for the tendency of financial markets to behave in a pro-cyclical manner. This would provide an important complement to the more traditional microprudential focus of regulation.[19]

34. In this regard, the ongoing discussions on the medium-term strategy of IMF, the major pillar of the international financial architecture, are very important. These discussions should help to define the role of the Fund in changing the global economic environment. The outcome of the review should ensure the Fund's cooperative nature, effectiveness and continuing relevance for all members. For instance, the strategic review should reflect the fact that developed countries no longer draw on the Fund's resources, reducing the policy traction of its advice to them. In addition, many developing countries have been accumulating foreign reserves as self insurance and/or promoting regional lending facilities.

35. The incremental adjustments to the international financial architecture cannot operate successfully without an equal partnership among all member countries. Consensus has yet to be reached on the appropriate governance structure of the multilateral financial institutions and other standard-setting bodies. There is increasing recognition that international financial governance structures have to evolve to broaden and strengthen the participation of developing countries and countries with economies in transition in international economic decision-making and norm-setting. However, as the political will to comprehensively address this important issue has not yet been fully mobilized, the international community should continue the search for acceptable solutions that can lead to possible breakthroughs in this area. Meanwhile, developing countries should try to make the most of available opportunities, including greater use of regional groupings, so as to have a greater say and influence on the international policy agenda.

36. Tax policy is not only an important element in mobilizing domestic resources and providing structural reform, it also has an impact on the international allocation of private financial flows. To deal more effectively with the effect of these policies on developing countries, the Economic and Social Council, by resolution 2004/69 of 11 November 2004, decided that the Ad Hoc Group of Experts on International Cooperation in Tax Matters should be renamed the Committee of Experts on International Cooperation in Tax Matters and that its 25 members should be appointed by the Secretary-General for terms of office of four years, starting on 1 July 2005. The Secretary-General subsequently notified the Economic and Social Council of the 25 experts that he proposed to appoint to the Committee (see E/2005/9/Add.11) and, on 21 July 2005, the Council noted the appointments and declared the Committee duly constituted. The Committee is scheduled to hold its first meeting in Geneva from 5 to 9 December 2005.

VI. Staying engaged

37. The Monterrey Consensus embodies a major commitment by all stakeholders to keep fully engaged in ensuring proper follow-up to the implementation of

agreements and commitments reached at the International Conference on Financing for Development and to continue to build bridges among development, finance and trade organizations and initiatives, within the framework of the agenda of the Conference.

Annual meeting of the Economic and Social Council with the international financial and trade institutions

38. The eighth special high-level meeting of the Economic and Social Council with the Bretton Woods institutions, WTO and the United Nations Conference on Trade and Development (UNCTAD) was held on 18 April 2005. The overall theme of the meeting was "Coherence, coordination and cooperation in the context of the implementation of the Monterrey Consensus: achieving the internationally agreed development goals, including those contained in the Millennium Declaration". The meeting brought together an unprecedented number of high-level officials representing a wide variety of stakeholders. A large number of executive and alternate directors of the boards of the World Bank and of IMF and the Deputy Director-General of the WTO participated in the meeting. Senior officials of the United Nations, the World Bank, IMF, the United Nations Development Programme (UNDP) and other United Nations agencies also took part, as did representatives of other international bodies, including the Chairman of the Development Assistance Committee of OECD. Participants included ministers of finance and of development cooperation, governors of central banks and other high-level officials in the areas of trade, finance, development cooperation and foreign affairs, as well as representatives of civil society and the private sector. The summary by the President of the Council (A/59/823-E/2005/69) covers the full range of views expressed in the opening statements and subsequent discussions, including the six round-table meetings.

High-level Dialogue of the General Assembly on Financing for Development

39. The General Assembly held its second High-level Dialogue on Financing for Development on 27 and 28 June 2005. The overall theme of the event was "The Monterrey Consensus: status of implementation and tasks ahead". The President of the General Assembly opened the meeting followed by statements by the Secretary-General and the President of the Economic and Social Council. A total of 28 ministers and 11 vice-ministers, as well as many high-level representatives of more than 80 Governments, made statements at the plenary sessions. The senior managers of major institutional stakeholders (World Bank, IMF, WTO, UNCTAD and UNDP) also spoke. The second day was devoted to six interactive multi-stakeholder round-table meetings focused on the individual themes of the Monterrey Consensus, followed by an informal interactive dialogue. Participants in those informal sessions included ministers and other high-level governmental representatives, 21 intergovernmental organizations and 36 civil society and private sector entities.

40. The overall thrust of the Dialogue stressed the importance of adopting a holistic and multi-stakeholder approach to financing for development in order to provide a comprehensive framework within which the Millennium Development Goals — and, more generally, the broader United Nations development agenda — could be effectively addressed at the High-level Plenary Meeting of the General Assembly in September 2005. The Dialogue served to build a strong political momentum for, and to provide an important substantive input to, the preparations

for the Plenary Meeting, in particular its development dimension. The summary by the President of the General Assembly (A/60/219) provides a concise account of the proceedings of the meeting and the wealth of substantive contributions by its participants.

Regional dimension

41. The five regional commissions have addressed the regional and interregional aspects of the follow-up to the International Conference on Financing for Development (see A/59/826, annex). Regional follow-up has involved the various stakeholders, including the regional development banks, with the regional commissions playing a catalytic role in their respective regions. The regional follow-up process, being carried out in the context of diversities among and within regions serves as a forum for the exchange of good practice and the promotion of partnerships, while evaluating regional policies. The experience with the regional follow-up to the Monterrey Consensus underlines the essential need for forging regional and subregional partnerships and initiatives to accelerate development and increase the coherence of economic, trade and financial policies that aim to reduce volatility. The regional forums that they provide facilitate regional and interregional cooperation and the exchange of experience and good practice in regard to several of the leading actions contemplated in the Monterrey Consensus.

Multi-stakeholder consultations on financing for development

42. Pursuant to General Assembly resolution 58/230 of 23 December 2003, the Financing for Development Office has launched a series of multi-stakeholder consultations, in which experts from the official and private sectors, academia, civil society and others take part, to examine selected issues related to the mobilization of resources for financing development and to promote best practice and the exchange of information on the implementation of the commitments made and agreements reached at the International Conference. A brief overview of the relevant activities and interim reports on those consultations were submitted to the second High-level Dialogue on Financing for Development. The substantive outcomes of the consultations are summarized in an addendum to the present report. In addition, individual reports on the proceedings, findings and recommendations of the multi-stakeholder consultations held in 2004 and 2005 will be made available.

Strengthening intergovernmental follow-up

43. In noting that the Economic and Social Council needs an effective, efficient and representative intergovernmental mechanism for engaging its counterparts in the institutions dealing with finance and trade, the Secretary-General has proposed the expansion of the Council's Bureau or the establishment of an executive committee with a regionally balanced composition (A/59/2005, para. 180). In the report of the Secretary-General on the implementation of and follow-up to commitments made at Monterrey, it was suggested that such a committee could assist the Council in effectively preparing for the annual spring meeting with the World Bank, IMF, WTO and UNCTAD and in dealing with related aspects of the follow-up to the International Conference on Financing for Development falling within the Council's purview, and that such a mechanism could assist the Council in ensuring sustained interactions with the intergovernmental or governing bodies of those institutions in preparation for the meeting (A/58/216, para. 182). In view of the importance that

Member States attach to this issue and the experience gained in the follow-up to the Conference in previous years, which seem to point to the need for a more visible, dynamic and effective intergovernmental support mechanism, it is recommended that such a committee be agreed upon and set up in 2005 in the context of the General Assembly's deliberations on the respective agenda items at its sixtieth session.

44. It is also important to recall that, at its sixtieth session, the General Assembly should respond to the requirement in paragraph 73 of the Monterrey Consensus that the modalities of a follow-up international conference to review the implementation of the Monterrey Consensus should be decided upon not later than 2005.

Notes

[1] Report of the International Conference on Financing for Development, Monterrey, Mexico, 18-22 March 2002 (United Nations publication, Sales No. E.02.II.A.7), chap. I, resolution 1, annex.

[2] United Nations publication, Sales No. E.05.II.C.1.

[3] General Assembly resolution 55/2.

[4] See Report of the Second United Nations Conference on the Least Developed Countries, Paris, 3-14 September 1990 (A/CONF.147/18), part one. In 2003, eight countries exceeded the minimum of the target range: Belgium (0.35%), Denmark (0.32%), France (0.17%), Ireland (0.21%), Luxembourg (0.27%), the Netherlands (0.26%), Norway (0.36%) and Sweden (0.27%).

[5] Denmark, Luxembourg, the Netherlands and Sweden. Norway also exceeds the 0.7 per cent target.

[6] For a full presentation of the new proposed targets, see http://www.oecd.org/dataoecd/45/45/35230673.pdf (August 2005).

[7] H. Benn "Partnerships for poverty reduction: rethinking conditionality", United Kingdom policy paper (London, Department for International Development, March 2005).

[8] Commission of The European Communities, "Communication from the Commission to the Council, the European Parliament, the European Economic and Social Committee and the Committee of the Regions: proposal for a joint declaration by the Council, the European Parliament and the Commission on the European Union development policy" "The European Consensus", Brussels, 13 July 2005 (COM(2005) 311 final, {SEC(2005) 929}).

[9] A. B. Atkinson (ed.) New Sources of Development Finance (New York, Oxford University Press, 2004).

[10] See "Aid effectiveness and financing modalities", background paper dated 29 September 2004, prepared for the meeting of the Development Committee on 2 October 2004 (DC2004-0012/Add.1), sect. V, and "Moving forward: financing modalities toward the MDGs", background document dated 14 April 2005, prepared for the meeting of the Development Committee on 17 April 2005 (DC2005-0008/Add.1).

[11] See "The Gleneagles Communiqué", para. 29; available at http://www.fco.gov.uk/Files/kfile/PostG8_Gleneagles_Communique,0.pdf.

[12] It is estimated that the post-completion point HIPC countries would have ratios of debt to gross domestic product of less than 10 per cent, of debt to exports of less than 50 per cent and of debt to fiscal revenues of around 50 per cent, all well within the debt sustainability thresholds set out in the new approach to debt sustainability.

[13] Statement made by the Director-General of WTO to an informal meeting of ambassadors on 8 July 2005, available at http://www.wto.org/english/news_e/spsp_e/spsp40_e.htm.

[14] Some commodities, such as fish, and various commodity-based processed products are treated as non-agricultural products.

[15] The proposal to establish an international task force on commodities, made at the eleventh session of the United Nations Conference on Trade and Development in São Paolo, has been supported by the Commission for Africa; see United Kingdom of Great Britain and Northern Ireland, Our Common Interest: Report of the Commission for Africa (London, March 2005, p. 273. The report, available in English and French, can be accessed at www.commissionforafrica.org.

[16] It has been estimated that agreement on this measure would bring welfare gains of as much as $8 billion and produce up to $6.4 billion per year in increased exports by the least developed countries. See “Towards a new trade ‘Marshall Plan’ for least developed countries: how to deliver on the Doha development promise and help realize the United Nations Millennium Development Goals?” UNCTAD Trade, Poverty And Related Cross-Cutting Development Issues Study Series No. 1 (UNCTAD/DITC/TAB/POV/2005/1).

[17] The Commission for Africa (Our Common Interest ..., p. 286) supports a proposal made in the report of the United Nations Millennium Project (A/59/727). UNCTAD has also proposed a $1 billion fund for the least developed countries (see UNCTAD, “Towards a new trade ‘Marshall Plan’”).

[18] For further discussion of the international financial system, see World Economic and Social Survey 2005: Financing for Development (United Nations publication, Sales No. E.05.II.C.1), chap. VI.

[19] For further discussion, see World Economic and Social Survey 2005 ..., chap. VI, “Implications for prudential regulation and supervision”.