

Financing for Development **Building on Monterrey**

Financing for Development
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Published by the
Financing for Development
Coordinating Secretariat,
Department of Economic
and Social Affairs.



United Nations
New York.

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The United Nations is very grateful to the El Norte Newspaper, Monterrey, Mexico, for the use of their photographic archives in this publication and in the accompanying CD-Rom. All photographs, except where otherwise acknowledged, are courtesy Grupo Reforma, Mexico.

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Sales No. E.02.II.A.5
ISBN No. 92-2-104515-0

United Nations Publication.
Published by the Financing
for Development
Coordinating Secretariat,
Department of Economic and
Social Affairs,

United Nations, New York.

Printed by
United Nations
Reproduction Section,
New York.

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- Monterrey Consensus
- All Statements made in Plenary sessions at the International Conference on Financing for Development, Monterrey, Mexico, 18-22 March, 2002 (including videos of summit speeches)
- Summaries of Round Table Discussions
- Retreat for Heads of State and Government: Briefing by President of Mexico
- Statements and Proposals of the Business Forum to the Plenary Sessions
- Statements and Resolutions of the NGO Global Forum 14-16 March 2002
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- Press Conference Summaries and DPI Press Releases
- Secretary-General's Report to the Preparatory Committee with Technical Notes
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Financing for Development Building on Monterrey



Secretary-General Kofi Annan attends the Summit of Heads of State and Government during the International Conference on Financing for Development at Monterrey, Mexico.

Foreword

The International Conference on Financing for Development was a turning point in the quest for economic and social progress, which has been high on the agenda of the United Nations from its earliest days.

The consensus reached in Monterrey reflects a landmark global agreement between developed and developing countries, in which both recognize their responsibilities in key areas such as trade, aid, debt relief and institution-building. It produced a breakthrough on the question of official development assistance, with substantial new pledges, and a major change in attitude, which between them promise to begin to reverse the decade-long decline. Monterrey also reiterated that poor and economically distressed people need not be objects of pity and charity; rather, they should be regarded as untapped reservoirs of initiative, and should be welcomed as partners in the development process.

Governments were far from the only participants at Monterrey. Civil society groups and private sector representatives were there in force, energizing the process by offering ideas and forging partnerships for the future. The conference also saw unprecedented cooperation between the United Nations and the World Bank, the International Monetary Fund and the World Trade Organization, as part of efforts to promote greater coherence and consistency among the international monetary, trade and financial systems and institutions.

This publication offers a comprehensive view of the Monterrey Conference, pulling together in one volume and CD-Rom all the relevant speeches, proposals, reports, resolutions and other documentation, including the Monterrey Consensus itself. It is intended to serve as a resource for scholars and policy-makers, and as a vehicle to carry the messages of Monterrey to a wider public. The challenge now, as ever, is implementation. I urge the international community to do its utmost to fulfil the commitments made at Monterrey, and to do all it can to help developing countries shake off the yoke of poverty. With political will, this goal can be reached within this generation.



Kofi A. Annan
Secretary-General

Financing for Development Building on Monterrey



Under-Secretary-General Nitin Desai briefs the Press in Monterrey, Mexico, during the International Conference on Financing for Development.

Preface

The International Conference on Financing for Development (Monterrey, Mexico, 18-22 March 2002) signalled a turning point in the approach to development cooperation by the international community. It was the first United Nations-sponsored summit-level meeting to address key financial and related issues pertaining to global development. With more than 50 Heads of State and Government and over 200 ministers of foreign affairs, trade, development and finance – the largest ever participation of finance officials at a United Nations-sponsored event – gathered in Monterrey, the Conference succeeded in placing financing for development firmly on the global agenda.

The success of Monterrey marked the culmination of over four years of patient consensus-building work during which the process travelled a delicate course through diverse interests and concerns. Yet, the antecedents to Monterrey go back for decades. The current phase came to life in the aftermath of the financial and economic crisis that hit South East Asia in 1997 and its accompanying contagion effect. The crisis brought in its wake severe social consequences and major reverses of the progress made by the affected countries over many years. The uncertainties generated by the Asian crisis and the perceived inadequacies of the international response triggered calls for the redesign of the international financial architecture as well as a search for ideas in myriad fora. In the United Nations a political space opened up for more sympathetic consideration not only of the macroeconomic dimensions of the crisis but especially of what it meant for the promotion of long-term development and the eradication of poverty.

The opening of this political space was undoubtedly a key factor in the eventual success of the financing for development process. Another was the unprecedented collaborative effort involving the United Nations, the World Bank, IMF and WTO, along with other actors at the international and regional levels that went into the preparatory phase and in the Conference itself. Especially noteworthy was the quality of engagement of civil society and the business sector, who became active partners during the process.

The Monterrey Conference responded to an ambitious mandate. General Assembly resolution 54/196, which established the Preparatory Committee for the Conference, defined the broad contours of the process. The resolution set out its main purpose as follows: To address national, international and systemic issues relative to financing for development in a holistic manner in

the context of globalization and interdependence and to identify the means for ensuring the availability of sufficient financial resources to reach the goals set by major UN conferences and summits of the 1990s. The Millennium Development Goals, adopted by world leaders gathered in September 2000 for the Millennium Summit, provided a powerful boost to the success of the Monterrey Conference, as well as a framework for a collaborative international response.

Responding to the multidimensional nature of the global development challenge, the Preparatory Committee adopted a broad agenda covering six major interrelated themes, each integral to financing for development. These were the mobilization of domestic financial resources, international private resources, trade, international financial cooperation (mainly Official Development Assistance), external debt, and systemic issues with emphasis on enhancing the coherence and consistency of the international monetary, financial and trading systems in support of development. The principle of a holistic and integrated approach to these various aspects has been a key distinguishing element of the financing for development exercise.

The 'Monterrey Consensus' adopted by the Conference reflects both the broad agenda and holistic approach that have characterized the process. Far from being an end point, the Consensus establishes a veritable platform on which to build a new global alliance for development, encompassing all relevant actors at the global, regional and national levels. This alliance is premised on full ownership by developing countries of their development and a renewed commitment on the part of the international community to support the efforts of developing countries.

The process also engendered immediate achievements, most notably in regard to development assistance. The European Union and the United States made announcements of significant increases in their ODA portfolios. Also, concrete initiatives were proposed by business and civil society. What is more, we have been witness to a fresh debate on aid and development issues among policymakers and in the press that places a new spotlight on the urgent need for reinvigorated international cooperation to address the challenges of interdependence and globalization.

In adopting the Monterrey Consensus, world leaders recognized that the building of a global alliance for development required an unremitting effort. Hence, they committed themselves to staying engaged, to ensuring proper follow-up to the implementation of agreements and commitments made at Monterrey and to continuing to build bridges between development, finance, and trade organizations and initiatives. The challenge now is to translate the spirit of the Monterrey Consensus into a pragmatic and practical programme of implementation. To do this successfully, it will be important to draw on the positive features and lessons learned from the process and to adapt them to the process ahead.

One such feature is the inclusive character of the process. The active engagement of a broad range of stakeholders was a key factor. The collaboration among the major global institutions that influence the development discourse and policies in developing countries needs to be sustained and strengthened. This would entail pooling the resources of the United Nations, the Bretton Woods institutions and WTO in novel ways to enhance coordination, coherence and effectiveness. This multi-stakeholder collaboration has to be further extended to engage the regional development banks, regional commissions, UNCTAD, UNDP and other organizations within and outside the United Nations system. It will also entail new forms of engagement of the business sector and civil society in the construction of an expanded multilateral partnership for development. These actors shared the table with governments and international institutions and, needless to say, the UN's relationship with them is vital to the fulfillment of its purposes in development.

Every effort should also be made to consolidate the holistic approach to the interrelated aspects of development and foster a more effective and focused deployment of the multilateral machinery in support of developmental objectives. While respecting the mandates and governance structures of different institutions, such an approach should better harness their respective strengths and competencies, at the same time providing opportunity for greater collaboration, coordination and coherence in the design and execution of policies.

The Monterrey process further underlined the necessity for stronger inter-ministerial collaboration on financing for development issues at the national level, involving ministries of finance, trade, development/planning and foreign affairs. In a number of instances, specific steps have already been taken to foster such collaboration. In the context of sustainable development there is need for closer collaboration not only within the macroeconomic domain, but also drawing in the social and environmental aspects of the equation.

Much remains to be done to harness the momentum of Monterrey to the achievement of the Millennium Development Goals and the promotion of a more inclusive and democratic global economic system, as called for in the consensus document. Continued efforts will be required to translate the commitments on capacity-building and to enhance the participation of developing countries in decision-making on global economic issues. At the same time, we need to keep in mind strategic linkages between Financing for Development and other relevant processes, including the outcomes of the Doha Conference on Trade and the Johannesburg Summit on Sustainable Development, with a view to consolidating a comprehensive development agenda into the twenty-first century, supported by the means and instruments necessary for its realization.

The commitment to stay engaged is critical. So, too, is the mobilization of public and political support to build on the achievements of Monterrey. The United Nations has a pivotal role to play, together with our partners, in ensuring that real progress is made. It is our hope that the present publication will contribute to the efforts of the international community in this regard.



Nitin Desai
Under-Secretary-General
for Economic and Social Affairs

Chapter 1

Monterrey Consensus

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Financing for Development Building on Monterrey



The draft Monterrey Consensus is formally agreed at the plenary session of the Preparatory Committee of the International Conference on Financing for Development in the General Assembly Hall of the United Nations on 15 February 2002, paving the way for its unanimous adoption at the Monterrey Summit on 22 March 2002
Photo: Sanjay Acharya

Monterrey Consensus

Final outcome of the International Conference on Financing for Development
Adopted by acclamation on 22 March 2002 at the Summit Plenary Session
of the International Conference on Financing for Development

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 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.

¹ General Assembly resolution 55/2.

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: 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.

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. 1, resolution 1, annex II.

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 macro-economic 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 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, lever-

aging 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.

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 Rights⁴ 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.

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 and 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.

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

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 Organization for Economic Cooperation and Development/Development Assistance Committee recommendation on untying aid to the least developed countries, as agreed by the Organization 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.

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.

Addressing systemic issues: enhancing the coherence and consistency of the inter- national 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.

⁵ General Assembly resolution 55/25.

⁶ General Assembly resolution 54/109, annex.

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.

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.

Financing for Development Building on Monterrey



Addressing a unique press conference by the major stakeholders in financing for development, Secretary-General Kofi Annan is accompanied by World Bank President James Wolfensohn, IMF Managing Director Horst Köhler, and WTO Director-General Mike Moore

Chapter 2

Opening Summit Plenary Session

21 March 2002

Speeches by the
Host Country and
Major Stakeholders

Opening
Summit
Plenary Session

Mexico



President Vicente Fox of Mexico makes the opening statement by the host country at the first Summit session of the International Conference on Financing for Development at the Cintermex complex in Monterrey.

Opening Statement by Host Country: His Excellency Mr. Vicente Fox Quesada President of the United Mexican States and President of the International Conference on Financing for Development* 21 March 2002

Good morning. I declare open the summit segment of the United Nations International Conference on Financing for Development and call to order the third plenary meeting of the Conference.

Welcome to Mexico. Welcome to a nation seeking to build a bridge between the problems of the past and the opportunities of the future. Welcome to a country that, from the standpoint of its new image of itself, views the world with fresh eyes. Today is a very special day that holds great significance for Mexican men and women. Today we are celebrating the birth of Benito Juarez, an admirable man who left an indelible mark on our nation. It is appropriate to remember him here at this United Nations meeting because his vision of respect for the rights of others is a vision of peace. That vision is also the basis of coexistence among our peoples.

Through our own experience, we have become familiar with the suffering and poverty that accompany underdevelopment. However, we are also familiar with the success and prosperity that can be achieved in a country determined to work and to advance, if it has the necessary resources. Thus, we have enthusiastically supported this meeting between the developing world and developed countries. For decades the nations of the world have endeavoured to address the problems of development and poverty through international cooperation. So far, however, the results achieved have been limited, belated and discouraging.

Speeches

Speeches

A century in which security was identified with the construction of walls and barriers has just ended. Today it is our responsibility to pave the way for a century of bridges, not barriers; of encounters, not wars; of shared responsibilities and achievements, not isolated efforts.

Let us all welcome this historic opportunity we have to construct these bridges. Let us build together — developing and developed countries — bridges between economic growth and human development, between liberal trade and local development and between economic efficiency and citizen well being. Let that spirit prevail at this meeting. Let that be the spirit of Monterrey.

This is the time for change, in order to build. This meeting marks the beginning of a new concept of development. Monterrey has become the trigger for a new movement to fight marginalization and underdevelopment. Monterrey provides us, the developing countries, the opportunity to commit ourselves freely through the implementation of responsible economic policies and the developed nations the opportunity to improve the lives of the most poor. In this new era of shared progress, we must all assume our responsibility. If the twenty-first century is to be the Century of Development for All, we must be prepared to take bold action. This implies a challenge to our earlier attitudes and a search for new ideas and action. Let that be the spirit of Monterrey.

This Conference is not an isolated event. It is part of a world movement for development. The Millennium Summit marked the beginning of this new effort to eradicate marginalization. Impetus was provided in Doha for more equitable participation by developing countries in world trade. In a few months, the Johannesburg Summit will emphasize environmental aspects for sustainable development. We must all contribute to the new agenda for world development and participate in forging a 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 well-being that is limited to a few nations or risk continuing in a world marked by exclusion and injustice. The struggle against poverty is a struggle for justice and peace in the world. Let us forge a new future for our nations. Let us adopt the Monterrey Consensus. Moreover, let us give impetus to the future development of nations in a spirit of responsibility and solidarity. We now have this great opportunity. Let us all have the integrity to use it. Let us not disappoint those who have placed their trust and hopes in this meeting.

We will all benefit from a more humane, more prosperous and more just community. Future generations will recognize our value or will reproach us for our lack of vision. Let us be bold enough to make this a century of bridges and encounters, not of walls and barriers. The time to decide is now, today, in Monterrey.

I now invite the Conference to begin consideration of sub-item 10(a), entitled “General exchange of views”. Under this item, we will hear statements by the Secretary-General of the United Nations and the President of the General Assembly, and the executive heads of the World Bank, the International Monetary Fund and the World Trade Organization. We will also hear statements by heads of State or Government, as well as by heads of delegation. I now have the honour to invite His Excellency Mr. Kofi Annan, Secretary-General of the United Nations, to address the Conference. I have the pleasure of giving him the floor

* The text of this statement has been transcribed from audio recordings, as the original was not submitted to the Secretariat.

Host Country

United Nations



Secretary-General Kofi Annan addresses the opening plenary session of the Monterrey Summit, 21 March 2002.
Photo: Luis Galan/ Terra Networks.

Opening Statement by
Mr. Kofi Annan
Secretary-General
of the United Nations
21 March 2002

Aid Does Work

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 \$50 billion a year additionally of official aid — roughly a doubling of the present 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.

Mr. President, 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!

Major Stakeholders

General Assembly of the United Nations



Dr. Han Seung-Soo, President of the General Assembly of the United Nations, delivers his address at the opening Summit session of the International Conference on Financing for Development. Photo: Luis Galan/ Terra Networks

Opening Statement by
His Excellency Dr. Han Seung-Soo
(Republic of Korea)
President of the General Assembly
of the United Nations
21 March 2002

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 give 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, the 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 toward achieving those targets has, we must admit, 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 the breeding ground of violence and despair, thus undermining peace and security for developed and developing countries alike. When the terrorists struck the United States last year, 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 UN 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 this 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 the available resources.

The core elements of intangible infrastructure include free enterprise, good governance, sound macroeconomic policies, a strong anti-corruption ethic, and transparently applied rule of law. If these 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 (ODA) plays a crucial role for 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-relying source of such financing for the developing countries is export earnings.

In the post-World War II period, virtually every country that has completed the transition from underdevelopment to development has relied primarily on income from exports. This pattern of development can be no less apparent at the start of the 21st 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 U.S. 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 the 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, together with the Economic and Social Council, should play a central role in enhancing 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 United Nations General Assembly and its High-level Dialogue constitute the most appropriate forum for monitoring and facilitating implementation of this 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, these present to us a vision of mankind's future that should inspire our best efforts on behalf of the six billion human beings alive today as well as generations yet unborn.

In his Nobel Lecture for 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.

General Assembly

of the United Nations

The World Bank



World Bank President James Wolfensohn addresses the opening Summit session of the International Conference on Financing for Development.

Opening Statement by Mr. James D. Wolfensohn President of the World Bank 21 March 2002

Distinguished Excellencies, Delegates, Ladies and Gentlemen: please allow me to thank both our host, President Vicente Fox of Mexico and Secretary-General Kofi Annan, for organizing this Conference on Financing for Development.

As most of you know, the World Bank has been very closely involved in the FfD 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, Mexico. 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. That is why we are here.

All people have a right to control their own lives. Yet, for billions, poverty snatches that right away. That is why we are here. People have a right to opportunity — in education, in trade, in building a better future for their children. That is why we are here. 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% of the population — the rich countries — dominates the world's wealth and resources and takes 80% 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. Here at Monterrey 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 these 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 to take this 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 borne of politics not development. I look forward to the forthcoming discussions on increasing the effectiveness of the development community as a whole.

Your Excellencies: 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, where 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 freed up by debt relief can and must be used effectively for poverty programmes. And we must push ahead with this 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. So that they can create jobs, so that they can increase productivity and boost investment in health and education. This is not about rich countries telling developing countries what to do. This 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.

Stakeholders

The World Bank

But even if developing countries do all this, we estimate that it will take somewhere between \$40-60 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. Yes there will be powerful lobbies ranged against any such action. But it is the task of leaders to remind electorates that 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, 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.

Your Excellencies: In one week alone we have seen new commitments on resources, 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, 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."

International Monetary Fund



IMF Managing Director Horst Köhler addresses the opening Summit session of the International Conference on Financing for Development.

IMF

Opening Statement by
Mr. Horst Köhler
Managing Director of the
International Monetary Fund
21 March 2002

I would like to join in giving thanks to President Fox, for hosting this Conference on Financing for Development. And I would also salute the leadership of Kofi Annan, who has been a constant source of wise advice and friendship.

Mr. President, ladies and gentlemen, this conference should become a milestone in the fight against world poverty. I do think it is possible to achieve the Millennium Development Goals. The IMF is deeply committed to playing an active part in this effort. It is an honour to share my vision of the IMF's 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 this 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 these 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 percent of GNP for official development assistance. And it should also stick to the principle of channelling support through budget laws, because this is the most transparent, accountable, and concrete expression of solidarity. The commitment by the 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, and 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. This is why the IMF recently opened regional technical assistance centres in the Pacific and the Caribbean. And this is 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).

The 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 the 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 the 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 the 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 UN family.

We recently completed a thorough review of the Poverty Reduction Strategy Paper (PRSP) process, pioneered two years ago by the IMF and World Bank, and the IMF's Poverty Reduction and Growth Facility (PRGF). Our worldwide outreach, including the UN and civil society, has confirmed that the PRSP 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 the 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 PRSP and PRGF-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 PRSP's, simplify and harmonize their procedures, and work for a more predictable aid flows.

It would be right to adopt the proposed 'Monterrey Consensus' as an outcome of this 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 toward the Millennium Development Goals. As part of this 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 this basis we can establish better accountability. I would have no hesitation in subjecting the 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.

Mr. President, ladies and gentlemen, 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 a next chapter in our efforts to create a better world.

Major
Stakeholders

World Trade Organization



WTO Director-General Mike Moore addresses the Press following the opening Summit session of the International Conference on Financing for Development.

Opening Statement by
Mr. Mike Moore
Director-General, WTO
21 March 2002

A Grand Bargain: A New International deal

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 these 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 are the fundamental bases 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 this amount annually from further trade liberalization, according to one study by the Tinbergen Institute.

Indeed, the staff of the IMF and 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, these 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 this 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.

WTO

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 – depends 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 percent 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 these 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 this 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 the negotiations must ensure that the sector is cleanly “integrated” as planned for 1 Jan 2005. Given the back-loading of this agreement, with the bulk of changes substantially 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); these 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 the 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 US and Japan, from between US \$70 to US \$110 billion each annually. The net losses to the US 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 four-fold, and is ten 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 product to markets across two borders took 200 hours, 100 hours of which were bound up in bureaucratic delays at the border.

The need for this 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% of all real estate is held outside the law. The extra-legal sectors in developing countries account for 50% - 70% 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 US were to raise its ODA to the UN target of 0.7% 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 these investments, this talent and skill is the challenge. This 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% 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, Excellencies, should resolve at this 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. On top of this, our Pledging Conference gave us CHF 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 filling in potholes, building roads and dams.

The UN agencies have been very supportive of the 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, 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.

Financing for Development Stakeholders



Heads of State and Government attend the Summit plenary session of the International Conference on Financing for Development at Monterrey, Mexico, 21-22 March 2002

Monterrey Building ON

Chapter 3

Monterrey Summit

21-22 March 2002

Speeches by
Heads of State and
Government

Speeches
by Heads of
State and

Government

Algeria



President Abdelaziz Bouteflika of Algeria.

Statement by
His Excellency Mr. Abdelaziz Bouteflika
President of the People's Democratic Republic of
Algeria*
21 March 2002

I wish to thank the Mexican officials for their generous hospitality and for the excellent organization they have provided for our Conference. I wish to pay homage to Mexico's rich history and its commitment to peace and prosperity for all.

Financing for development today is a major undertaking. It is an essential vector for spreading prosperity and reducing poverty. The eminently political dimension of this endeavour is being ensured for the first time at the highest global level through this Conference, and this augurs well for concerted and innovative action. Our Conference is opportunely a part of the global process that we collectively outlined at the Millennium Summit – namely, strengthening the international community and creating conditions for stability and predictability, which are necessary for development of a world that is more rational and equitable – that is, a world to which all peoples aspire.

* The text of this statement has been transcribed from audio recordings, as the original was not submitted to the Secretariat.

Assuredly, it offers us an opportunity to deepen the current dynamic in the wake of the agreements reached in Doha and to achieve objectives that are more open, transparent and free of restrictive practices that have impeded international trade. Our work should also mark an important stage in contributing to the success of our next major meeting in Johannesburg. That meeting will be aimed at promoting sustainable development, which could satisfy the expectations of present and future generations, and at preserving the environmental systems of our planet.

We have taken practical measures to alleviate the problems arising in many spheres, given the sensitivity and the stakes that they hold out. Financial and monetary spheres are often marked by instability, and these are at the core of the problem. They cannot be circumscribed to one country or region. The persistence of the debt burden, but also phenomena such as massive speculative capital flows, money laundering from illicit activities or financing of terrorism, are incontrovertible symptoms of the poor functioning of the world's monetary and financial system. Ad hoc replies and interim measures that can only address immediate crisis management aspects have all shown their limitations, as can be seen from the succession of crises and their recurrence. This means that we must address the global and interdependent nature of financial, economic and monetary stakes. We must identify the framework for national and international action, so that the monetary and financial architecture can be improved and made sustainable. This means action that can address all the factors that impede sustainable development and that can improve international economic relations. We must facilitate the necessary articulation between financial and real economies.

It has been established that the “disconnect” between these two spheres has, more than once, generated disorder, imbalance and crisis. Then, it becomes a question of promoting the mobilization of financial resources for long-term development on a continuous, foreseeable basis, strengthening national, regional and international financial institutions. And, lastly, it is a question of pragmatically preparing the transition of a world economy based on over-indebtedness and a world economy based on optimal exploitation of the vast increase of direct investment flows. These are the three directions where we must make a resolute and simultaneous commitment if we want to ensure a solid basis for world economic development.

At the root of this undertaking is the definition of policies and measures to be implemented at the national, regional and global levels. At the national level, the requirements of a sound macroeconomic

framework, the strengthening of institutional capacity and the reform of fiscal financial banking systems are paramount factors for policies that can generate investment and savings and stimulate Government investment. The State must ensure that it meets the imperatives of sustained growth by creating jobs and reducing poverty under general conditions of stability.

At the regional level, decisive efforts aimed at the convergence and harmonization of monetary, financial and fiscal policies, and strengthening cooperation instruments, are a must if we are to have an enabling environment that could promote financial and investment flows to ensure national development and subregional and regional integration and globalization.

At the global level, it is a question of continuing and intensifying the evolutionary process of adapting existing institutions to the requirements stemming from globalization in the spheres of economy, finance and trade. In a world economy whose growth is now interconnected and based on general economic policies and sectoral policies, the requirement of broadening multilateral cooperation is inevitable. Hence, the crucial role that international institutions must play in promoting the objectives of sustained and balanced growth. Such growth is possible provided that constructive solutions are arrived at to address major problems affecting the world economy as a whole. This in turn presupposes, first, more effective coordination with policies in order to ensure compatibility and a greater symmetry in the process of adjustment, which should be more geared towards exploiting the potential productive capacity of developing countries. This also requires a rationalization of supply and management of international liquidity, with a greater participation by developing countries in the world economy. This also means optimum use of foreign direct investment and a significant increase of official development assistance (ODA) and non-discriminatory, non-restrictive global and adequate treatment for the problem of indebtedness so as to do away with the obstacles to prospective global development.

The present Summit on Financing for Development is crucially important for Africa, because it is engaged in an enterprise of vast scope – namely, The New Partnership for Africa's Development (NEPAD) initiative. However, despite their degree of relevance, African efforts can only produce the desired result if they benefit from a favourable world environment and the consistent support of the international community. In this connection, I am pleased to note that the G-8 Genoa Summit has endeavoured, through the preparation of an Action Plan, to focus on the

process of recovery for the continent. Support has been expressed for this African initiative, and these commitments encourage the continent to forge ahead with its destiny, to occupy its proper place in the world and to contribute in turn to the expansion of the world economy and to universal progress.

The common objectives that have brought us together here challenge our collective capacity to promote operational partnerships and to promote accelerated development that can benefit world peace and prosperity. Our Conference should result in firm commitments and lead to better organization and management of international financial and monetary cooperation in order to unify the world economy. This Conference reflects a clear awareness of the need to make globalization an end that would serve the well-being of all, to begin a new era where development would be at the centre of the enterprise of understanding, cooperation and solidarity among all peoples.

We committed ourselves to these objectives at the Millennium Summit. Members of the international community must contribute fully to this both singly and collectively. We commend the decision of President Bush to increase appreciably the level of United States ODA. We would like to express the wish that such a generous initiative will be followed by other equally concrete actions that could become significant only if they are collective. We also welcome the decision of the European Union (EU), as announced by President Aznar of Spain, while we continue to hope that, as soon as possible, the 0.7 per cent gross national product (GNP) target, which was decided upon three decades ago, will be reached. Of course, we have been sensitive to the commitment made by Prime Minister Jean Chrétien of Canada, but more specifically, our gratitude goes to Norway, Denmark, Sweden, the Netherlands and Luxembourg, known as the 'One Per Cent Club'. Financing for development for the benefit of future generations is part of the challenge posed in today's world if we are to get out of the problems we face and to ensure security.

Nine/Eleven left an indelible mark on our history last year. This murderous paroxysm is yet another blow to the destiny of humankind. The year 2001 was a year of survival; it established a new international order, with great emotional and symbolic value. The international community has experienced communally the tragedy of 9/11, together with the United States, and we hope that this event will generate a better future of more awareness for all. People's attention should be focused on everything that must be done in order to make the repetition of 9/11 objectively impossible, where no violence should erupt. We

must break with our thought patterns of the past that have too often led humanity down the wrong road. Together we must build political globalization so that we do not break down separately. Together we must use the multilateral framework to promote globalization so that new communications technologies make it possible to be everywhere in the world at once. We must acknowledge the new horizons and the new challenges that face humankind's conscience.

Argentina



President Eduardo Duhalde of Argentina.

Statement by
His Excellency Dr. Eduardo Duhalde
President of the Argentine Republic
21 March 2002

Argentina, my country, is in crisis.

Argentina, my country, has decided to change. And this always means crisis. We are at the end of a cycle. But history shows us that the End is the foundation of the Beginning.

To change, to start again, we have decided to put an end to the fiscal disorder which, combined with an unfortunate monetary and exchange system, has led us into the greatest recession in our history and to replace it by an economic programme based on the following macroeconomic foundations:

- A balanced public budget
- One single currency, our own
- A floating exchange rate
- A progressive elimination of financing and payment restrictions

Thus, we hope to build a competitive market economy, which allows us to get back onto the path of growth and successful integration in the world. These are the pillars of our programme, which seek to recuperate the path we lost along the way, based on production, a culture of work and Social Justice. However, this change, this transformation we are starting, thanks to the huge sacrifice of our people, also needs the understanding and cooperation of the international community.

I speak to you under these circumstances as I consider that this Consensus is the most serious attempt, in a long time, to discuss issues related to the development process.

We all here agree that freedom, democracy, cooperation, market economy, and particularly an equitable distribution of wealth are the basis and, at the same time, the instruments we must use to discuss the problems of development. The lack of a serious approach to these issues, may be the greatest global debt of the '90s, has pushed us into the XXI century full of asymmetries for the developing countries to obtain, under fair conditions, the necessary resources to ensure their economic growth and social peace.

The difficulties in market access, protectionist policies, corruption, terrorism, the lack of training and the volatility of external capital flows, are factors that prevent the world from enjoying the benefits promised by globalization. Therefore, the gap between many emerging economies and developed countries has not been reduced. On the contrary, it seems deeper day by day. Otherwise this meeting would not have been held.

We are not asking for compassion but for a new global context. The President of the World bank, James D. Wolfensohn, had said that the world needs a new architecture for development. This will not be possible if the rich economies do not reduce protec-

tionism in all its forms and eliminate its distorting effects. A long time ago, an Argentine economist, Mr. Raul Prebisch, coined a phrase that belongs certainly to the sense and spirit of this Conference: "Trade not Aid".

I am not saying that aid is not important for development; it is always needed and, in some cases, and at some stages, it is crucial. We understand that. But it is impossible to think that it is efficient in a context of severe trade distortions, mainly in the agricultural sector.

Argentina expects then – as many countries represented here expect as well – that the Round Negotiations started in Doha may help to improve the situation of emerging economies and facilitate their access to markets with greater purchasing power. It is also clear that changes are necessary in the way that multilateral credit agencies work, enabling them to adapt to the new reality.

That is why Argentina urges the International Monetary Fund, the World Bank, and the World Trade Organization to cooperate in the design of preventive and anticyclical policies to assist those sectors which have been greatly damaged.

Development and prosperity of nations can no longer be an abstract theory nor an exercise of trial and error since the results reflected in figures and graphics do not show the faces of millions of children, women and men. They are the ones that pay the cost, the high cost of being eliminated from the system.

In the daily fight between the powerful and the destitute, the lack of participation does not mean neutrality. It means siding with the wealthy. The last call I am making today at this Conference is one for illusion, for the hope of reaching a better balance between the emerging nations and developed ones.

A map of the world, where utopia is not included, is not worth considering.

Armenia



Prime Minister Andranik Margaryan of Armenia. Photo courtesy Permanent Mission of Armenia to the United Nations

Statement by
His Excellency Mr. Andranik Margaryan
Prime Minister of the Republic of Armenia*
22 March 2002

On behalf of the Government of the Republic of Armenia, may I thank you for organizing this conference and for the chance given us to set out our views on crucial issues relating to financing for development.

Taking this opportunity, I would like to express our gratitude to the entire world community and to representatives of international organizations, which in the last decade have helped Armenia in implementing development programmes. We believe that without this help the progress that we have made today in the area of economic and human development would not have been possible. By the same token, the transition period has been aggravated by poverty.

The Government of Armenia is committed to the principles enshrined in the Millennium Declaration, and therefore has become an initiator of the development and implementation of the relevant

* The text of this statement has been transcribed from audio recordings as the original was not submitted to the Secretariat

national programmes. This year we plan to adopt a programme to combat poverty. For the implementation of these prospective measures we will mobilize all possible internal resources, both State and private.

In Armenia, we have begun reforms in the area of civil service and improving the management system. At this time, we are developing a strategy to combat corruption. In order to resolve issues relating to increasing tax revenues, we have developed reform programmes in the area of tax administration.

The Government is using its existing potential to mobilize national resources and improving conditions to develop the private sector. The Government of Armenia attaches special importance to stimulating direct foreign investment. We have created the necessary legal conditions, excluding discrimination and guaranteeing the right of private ownership for foreign investors.

Armenia is in the last stage of acceding to the World Trade Organization. With membership in this organization, we shall have new opportunities to develop foreign trade, which we believe is a considerable source to develop our economic potential.

By the same token, we should bear in mind that the economic and transport blockade on the part of certain countries against others is a serious hindrance to the development of international trade. We support the proposal to the effect that in countries in transition development programmes should insofar as possible be implemented with resources allocated on preferential terms. We support the partnership form of interrelations, which gives us the opportunity to organize our programmes around internationally recognized development purposes, in particular around the realization of policies designed to implement the purposes enshrined in the Millennium Declaration.

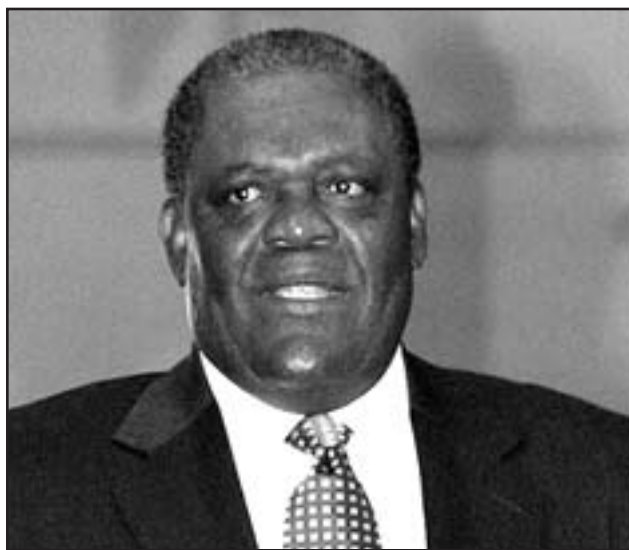
We believe that we have taken an important step in cooperating between the Governments and donors in the area of development programmes. We support the proposal for debate at this Conference to increase the power of developing countries and countries in transition to work out development programmes and assess their implementation and needed changes.

At this stage, we attach priority to the movement from bilateral discussion on programmes to multilateral debates – between Governments, civil society and the private sector, between Governments and international organizations, and between international organizations and civil society. This will be a guarantee for transparency in decision-making and implementing these decisions. We also believe that among the goals

of our Conference is the expansion of regional cooperation in the interest of development, which would further the peaceful settlement of conflicts in specific regions.

In conclusion, I would like to express my certainty that the provisions of the Monterrey Consensus will become reality and will enable us to achieve the important goals we have set for ourselves.

Bahamas



Prime Minister Hubert Ingraham of the Bahamas.

Statement by
His Excellency Rt. Hon. Hubert A. Ingraham
Prime Minister, Commonwealth of the Bahamas
22 March 2002

I wish, firstly, to thank the Government and people of Mexico for the courtesies and warm welcome extended to me and my delegation.

There is, surely, a global consensus that rapid and sustainable economic growth is critical to the elimination of social tensions, both within nations and across national boundaries. Economic growth must transcend demographic features and provide hope and assurance to all that the future will be better than today: It must be sustainable and so must not degrade the environment; and its benefits must be equitably distributed.

The linkage between strong and growing economies and enhanced social and economic welfare is clear. Vibrant growth increases employment, enables the development of inclusive social policies, raises living standards and promotes the economic and social security of a people. The failure to attain economic security is evidenced by the tragic persistence of political refugees and of undocumented economic migrants, and underscores the urgency of our business here.

Three issues arise for the focus of our consideration. Firstly, how can the international community, acting in concert with the major multilateral agencies truly assist in accelerating the economic growth of developing nations? Secondly, how can developing nations provide a framework to achieve greatest benefit from this assistance and attract additional capital, both domestic and international, to sustain economic development? Thirdly, can international rules and standards be developed so that they are not inherently discriminatory against smaller developing countries?

To partially answer these questions, I will relate the experience of The Bahamas – an experience which is not atypical of other small island developing economies.

At the commencement of the last decade, the Bahamas was faced with falling investment levels – particularly in the tourism sector, the engine of the Bahamian economy – and bedevilled by high and rising unemployment levels and declining standards of living. We accepted that our capital infrastructure and policy framework needed renovation. Not without difficulty, and some anxiety, we reformed our policies, implemented appropriate strategies in a deliberate, coordinated and comprehensive manner and undertook major capital works.

The record shows that the economic policies introduced, which encouraged foreign investment and established strict and prudent fiscal management, provided a favourable climate for increased investment inflows to the Bahamas. As a result, our tourism and financial services sectors strengthened; a nascent manufacturing sector awoke and extended its reach into the local economy; and the industrial sector was reinvigorated. The direct, highly favourable impact on the lives of Bahamians whose incomes and, hence, standards of living improved significantly, was dramatic.

As our national economic indicators recovered and improved, we ensured that the benefits of a strong national economy accrued to the Bahamian people through improved public services, enhanced education and training and health facilities, and through expanded opportunities for economic empowerment.

The country's enhanced economic and financial position was assisted by concessional financing available through international financial institutions, and from grants and assistance from donor agencies of the developed world. The latter were for investment in social infrastructure projects and capital expenditure for reconstruction after the effects of natural disasters, particularly hurricanes. I affirm, therefore, that developing countries can implement good governance and sound macroeconomic management, and could benefit from financial support with reasonable conditionalities from the international community. I still consider, however, that economic growth is elusive – elusive because the developed world has the capacity and sometimes the inclination, to arbitrarily change the rules of the game.

In recent times, the developed world unilaterally changed the rules governing the delivery of international financial services, and demanded standards and established time-lines for compliance by offshore financial jurisdictions – standards not met, or required of themselves. Then, beginning in the fourth quarter of 2001, a recession, already in progress, aggravated by acts of terrorism, adversely affected tourism output resulting in unrecoverable loss of revenues to Government. Urgent requirements for reconstruction following a hurricane completed the scenario.

To this mix must be added the strain of unplanned demands on social, educational, health and security resources of countries, such as the Bahamas, created by the continued infiltration of undocumented migrants from neighbouring Small Island Developing States (SIDS), many in transit to North America.

As countries like the Bahamas come to terms with the requirements of the new standards governing the conduct of international financial services as required by the developed countries of the world; continue to pursue policies which keep their tourism economies competitive and, hence, viable for investors who require reasonable returns for their investments; persist in modernizing, upgrading and maintaining infrastructure; seek to encourage direct foreign investment in non-traditional sectors of the economy; continue to make the maximum possible investment in education, health and in communications; and seek to incorporate information technology into the fabric of the economy, we call on the developed world to help in the creation of an enabling international environment that will permit SIDS to achieve reasonable development.

We welcome the decisions of the United States and the European Union to increase their level of official development assistance to developing countries. We record our support for the Millennium Development Goals adopted at the Millennium Summit in September 2000.

Mr. President, we know that the Monterrey Consensus is a product of compromise, and therefore cannot be expected to be a panacea for the complex development needs of the developing world. It is the Bahamas' hope, however, that the Consensus will be a symbol of our commitment to begin the essential dialogue, and to take the vigorous and determined action required to pursue and achieve a coherent, inclusive strategy for promoting economic and social, progress for all peoples.

Barbados



Prime Minister Owen Arthur of Barbados.

Statement by
His Excellency Rt. Hon. Owen Arthur, M.P.
Prime Minister and Minister for Finance and
Economic Affairs, Barbados
21 March 2002

I am delighted to be here today to offer a perspective, on behalf of the people of Barbados, on the Development Initiatives embodied in the Monterrey Consensus.

It is our conviction that this conference, at this moment in history, holds the potential to make the decisive difference to the course of man's development. In recent times, beginning with the Rio Summit on the Environment and Development, and continuing through the Global Conference on Small Island Developing States at Bridgetown, the Cairo Summit on Population, the Copenhagen Summit for Social Development, the Beijing Summit on Women, the Habitat Conference, the Food Summit in Rome, the Earth Summit in New York and culminating in the Millennium Summit, the global Community has more than shown itself capable of stating desirable and achievable goals, and an Agenda for International Development.

Indeed, the goal of rescuing more than a billion souls from abject poverty, and affording them thereafter the prospect and the reality of sustainable livelihoods confers upon the agreed Agenda for International Development an urgency and a meaning with which it would be impossible not to be identified.

However, in a world impatient for progress, and endowed with the means to achieve that progress for all, the mere statement of lofty goals and objectives can no longer suffice.

Financing is to development what a steady supply of oxygen is to human life. As such, a process of development, that can have a real meaning in the lives of the poor, has remained unfulfilled by reason of the extraordinary inability of the international community to support the statement of objectives with the means necessary for their accomplishment.

Incantations without follow through are just another way of killing time. And so it has been in the realm of the global development agenda.

This conference, as conceived, to support the statement of a global development programme with the mobilization of the resources necessary to ensure its realization is therefore a historic necessity. It can, as never before, reconcile the ends and the means of global development and give to mankind the first realistic chance to achieve humane and civilized development.

In such a context, it would be impossible to fault the Monterrey Consensus for recognizing and prescribing that, as regards financing for development, there have to be more concerted efforts to make fair trade become more of an engine for development; to vigorously resolve the debt problem of developing countries, to boost aid and to make it more effective, and for more appropriate domestic policy responses by all countries to the common challenge of sustaining equitable development.

It has however to be said that the precise reason why a conference such as this is necessary is because the international financial system, as presently structured, and the institutions for global economic governance predispose the global economy to recurring financial crises accompanied by persistent poverty.

Many of the essential issues at the heart of development financing have to do with the quality of global economic and financial governance. For, there has been the extension of the global reach of financial transactions and markets without a corresponding empowerment of global institutions to make such transactions work for stable and equitable global development.

In a word, the challenges of civilized globalization cannot be adequately handled by an international financial system designed for the world of 50 years ago. And we will continue to flounder in meeting the goals of global development, if the reform of that system, as has been the case of late, is to reinforce its initial unrepresentative character without equipping it to prevent and resolve financial crises, provide adequate international liquidity, and mobilize financing of a mix and on terms required for genuine global development. Radical institutional changes often appear impossible, until after they happen, at which point they seem predestined. This Monterrey Conference has afforded the global community the opportunity akin to that of Bretton Woods to conceive a new international financial system to serve for a generation.

It is Barbados' view that the Consensus of Monterrey has not gone far enough in conceiving a new system for financial governance to redress the imbalances of the old. As such proposals have emerged that must not be allowed to go away – the creation of a rules-based World Financial Authority to better supervise today's more complex global financial and capital markets than the Bretton Woods Institutions can; an International Tax Organization to oversee global cooperation in cross border tax matters; new ways of raising global revenue to finance global public goods and to eradicate poverty.

It is in the belief that the Consensus of Monterrey reflects a work in progress, a beginning rather than an end, that the Government of Barbados is greatly pleased to be associated with its purposes, and thanks the Government of Mexico for affording us the opportunity, amidst such splendid hospitality, to be part of this historic occasion.

Belgium



Prime Minister Guy Verhofstadt of Belgium.

Statement by
His Excellency Mr. Guy Verhofstadt
Prime Minister of the Kingdom of Belgium*
21 March 2002

I wish to express our full gratitude and admiration to you, Mr. President, and through you to all the Mexican people.

I must admit that the retreat that you have planned for the Heads of State or Government, to be held tomorrow at lunchtime, has rekindled my hope. I see a new, if not a final, opportunity to give the subject that we are addressing today a more ambitious dimension than.

Poverty in the world is indeed an existential issue of current times. Poverty is the despair of hundreds of millions of people, who are alone, dispossessed, powerless and shadowed by the fate of unsustainable inequality. This injustice makes us recall the collective selfishness of the rich world, a world whose only response is all too often as ritualistic as it is cynical.

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Of course, we must pay tribute to the diplomats who prepared the final text of this Conference. We all know that the task of these diplomats is thankless and difficult. Very often we ask them in our stead to find painless and placebo solutions to the conflicting issues that divide us. However, in this case I can hardly accept that we, bearing the ultimate political responsibility, should not negotiate the broadest possible common denominator of a common position. The Monterrey Conference cannot lead to a banal declaration that would deprive this meeting of all significance, a meeting being held at the highest level. I thank the United Nations Secretary-General, Mr. Kofi Annan, for his renewed appeal for us to move away from lingering reluctance.

We are not here to sidestep the subject. We are not here to speculate, each in our own corner, on the best way to escape what we owe mankind. We are here because we want to be here. At the Millennium Summit we agreed on a concrete and viable goal and we also decided to reduce poverty in the world by half. We know that this dream is accessible if we truly want it.

This promise in and of itself should sweep away our doubts, hesitation and reservations. Once again, I should like to appeal to you, Mr. President, with the full force of my deep conviction that we not leave this summit with an ambiguous commitment, because the only result would be sending the poorest sector of mankind into scepticism and despair. At the same time, that will feed into the disillusioned contempt of all youth, who, in our countries, generously bear the promise for a better world.

It has been agreed that none of the conclusions will be changed. However, the nature of what is probably the most fundamental political issue of the century deserves a real debate, a real exchange of views and requires boldness and decisiveness. Naturally, we will hold other meetings elsewhere, fortunately – in Rome in June and in Johannesburg in September.

Please do not consider the vehemence of my statement as impertinence. Just see it as my resolve to lay here in Monterrey the groundwork for new impetus that must be crystallized this year. In the future, we must truly shed the ritual, agreed texts and sweetened declarations that will no longer suffice in the future.

The events of 11 September have founded a legitimate and healthy coalition against terrorism. The free world cannot permit such a grave and barbaric attack on our democratic and humanistic values. The front against this crime must remain welded, unalterable. The coalition that has been built with our American partners must be flawless.

At the same time, we are not entitled to believe that eradicating this abject phenomenon will be sufficient. Poverty, daily humiliating inequality and the absence of the smallest glimmer of hope for hundreds of millions of people feed the fertile soil of this abomination. When one no longer believes, anything will do. Fanaticism cannot become the new opium of the marginalized. I am convinced that to respond to the world's inequality would be to truly respond to this permanent danger that I have just mentioned.

That is why I wish to conclude my statement by addressing three specific tracks that we can implement, if we so wish. They are, first, to set a precise term to a promise so often renewed and to allocate 0.7 per cent of gross domestic product to development aid. My country has not always been in the best place to give lessons in this regard. But it is the fourth consecutive year that we have substantially increased our development aid budget with the certainty this year of reaching the declared percentage in 2010. We must admit that the conclusion today on the subject is disappointing. It risks being considered a confession of failure foretold.

My second idea refers to another idea that is often debated but has never really been settled. That is debt relief for the poorest countries. Steps have already been taken. But we can, and must, work faster. My country has designed a specific proposal entitled 'Prospective Aid and Indebtedness Relief', PAIR for short. What is this about? It is a matter of setting up a fund financed by the 23 richest countries. These each would allocate, over the next 15 years, 0.1 per cent of their gross domestic product.

That mechanism would enable us to expeditiously reduce the debt of the 49 poorest countries and to finance new human development programmes. In other words, 850 million inhabitants living in the 23 richest countries would finally extend their hand to the 850 million inhabitants of the 49 poorest countries. I intend to make this proposal into a personal priority. I will also submit it to the ministerial meeting of the Organization for Economic Cooperation and Development, which I will have the honour of chairing in May in Paris. I wish to ask the Secretary-General to put this proposal before the United Nations.

Finally, my third consideration comes within the context of negotiations within the World Trade Organization. We have heard Mr. Moore. These negotiations have just begun. I think, more than ever, we must place emphasis on developing countries. This means devoting ourselves to everything but arms and removing export subsidies for products coming from our countries.

The small local farmer has had a hard time believing that world trade is a source of freedom and social justice when we prevent him from placing his milk, butter or cheese on markets, sometimes kilometres away from his village. He is then a powerless witness to the fact that our export subsidies evict him from his own market. Thus we sap his faith in freedom and leave democratic soil to illusion, which in the past has been ineffective, when it has not sown hatred and violence.

The stakes of our meeting are here. The stakes are indivisible freedom – the eternal seed of the greatest civilizations; that freedom which is never content and which lives in the hearts, the minds and the spirits of men; freedom that no planning, frontier, or obstacle has ever been able to kill and which, when it wakes up, moves individuals to scale summits and humanity towards justice.

Bolivia



President Jorge Quiroga Ramírez of Bolivia.

Statement by
His Excellency Mr. Jorge Quiroga Ramírez
President of the Republic of Bolivia*
21 March 2002

I would like to begin by expressing my thanks to President Fox and his country for the hospitality extended to us. Today he is beginning to receive leaders from Latin America, and I congratulate him on this.

The figures are evident. Thousands of millions of our citizens have known nothing but poverty. The challenges of the Twenty-first Century are clear: Reduce poverty, drug trafficking and terrorism. These are three enemies of democracy, and they can be vanquished only by development, by freedom and in states where the rule of law and opportunity prevail.

We have come to Monterrey to face these challenges. But, leaving these statistics aside, let us look at the problem through the eyes of the Quenta Tarque family. This family lives in a Bolivian province where they produce alpaca products. They have ten

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children who alternate between working in the fields and going to school. Two children have died. They, of course, are part of the infant mortality rate. How can we in Monterrey help this family? We can work together in three areas: financing for their development, access to markets for their products and integrating them into the digital world.

First, as far as financing is concerned, how much is needed? The answer is: As many concessional resources as are sustainable under the budgetary situations of the countries and the solvency of the lending agencies. Also needed are subsidies based on the reality of each country and – it is to be hoped – resources earmarked in order to make sure that the social reality of the recipients is considered and not the convenience of those giving the resources.

What is even more important: How should development be financed? Bolivia believes that it should be done through the system that we are using to develop our poverty eradication policy. This is a process that has involved thousands of men and women from all of the country's municipalities. It includes thousands from the Catholic Church and many different groups from Bolivian society. The process has mobilized our social capital to define how to use half a billion dollars over a period of 15 years. This amount has come from the alleviation of external debt, known as the Heavily Indebted Poor Countries (HIPC) Debt Initiative.

The aforementioned process was based on the following exchange. Bolivia is opening its doors to civil society in order to define the way resources will be used. It wants to earmark these resources in a decentralized fashion through the different provinces and municipalities. This will be done gradually so that the indigenous and rural populations will be able to receive more funds, thus guaranteeing maximum transparency through institutional reforms and mechanisms of social control.

On the other hand, the international community is offering untied aid – resources that are not tied to the provision of services from the donor country – and they assign this under a single coordinated framework, avoiding the dispersion that very often has deleterious effects on the effectiveness of the aid. Over time, this is sustainable, because it is supported by internal participation, which is more sustainable than any conditions coming from the outside. One can have confidence in this situation, because it is result-oriented. The results are seen in terms of schools, of housing and of vaccination programmes.

Our country has exceeded the 18 goals that were set in the first HIPC plan four years ago. In the light of this experience, Bolivia fully supports the idea that cooperation should be based on tangible results in terms of improvement to the economy and poverty reduction and should leave behind the system of earmarking on the basis of political quotas, among other things.

The key question is: Can the system that I have just described be used for more than \$1.5 billion coming from debt alleviation? Why could it not be used for future resources in the area of cooperation? Could these not include participation, progressive decentralization, social control and institutional reform in countries such as my own? These areas could be replaced with untied aid, which is coordinated and result-oriented.

While on this topic, allow me to say something about corruption. Corruption cuts down on resources needed to fight poverty. Poverty weakens and destroys states on a permanent basis. The absence of a state provides fertile ground for the growth of terrorism and drug trafficking. So the logical conclusion to be gained from this is that we have to combat corruption with the same force and in the same resolute way that we face drug trafficking and terrorism. Only in this way will those who are corrupt share the fate of terrorists and drug traffickers. For this reason, in Bolivia, in areas that were open to corruption, such as tax collection, customs, justice, road-building and the social sphere, a congressional vote of almost 90 per cent recently designated professional public officials whose mandates go beyond that of the presidential term.

As to the second point, access to markets, an educated and healthy citizen who has no access to markets and has no link with the productive area represents a lost opportunity for Bolivia. We have reduced the deficit and inflation. We have knocked down tariffs and have opened the country up to private investment. We are decentralizing public investment and aiming it at social programmes. We are changing the justice system, and we are reforming institutions.

But how do we feel about this? Well, something is missing: Access to markets in the agricultural and labour-intensive manufacturing sectors. I come from a country that was not prepared 15 years ago to compete in the twenty-first century. We shaped up, and now we see in our frustration that, in the soccer match of world trade, the rules are constantly changing because they have to be accommodated to the

requirements of other teams in the game. Many of our manufacturing players are not allowed to use their feet to score goals; they can only use their heads to do this through highly selective applied tariffs. Our agricultural soccer players are kept very far away because of massive agricultural subsidies. Those who dare to score goals are expelled through anti-dumping. Other players are bound at the ankles to phytosanitary and environmental controls. Finally, advisors and consultants are sent to tell us that our soccer team lacks competition.

Let us speak clearly here. We cannot continue to manage agricultural sectors and labour-intensive manufacturing sectors; we cannot continue to open some sectors and close others; it is time to decidedly foster free trade – free of the tariffs that cause problems for the Quenta Tarque family and their alpaca business, as I mentioned earlier – free of subsidies, which finance underdevelopment, and free of para-tariff controls. There is no financing for development if there is no opening of markets for development.

Lastly, a citizen with financing for development and access to markets has to have the third element available to him. This means the possibility of being digitally-integrated. Whereas in the past, the education gap meant that there were thousands left in poverty, tomorrow the digital divide will leave thousands of educated citizens in sort of a digital illiteracy. Whereas in the past poverty was the cause, and the digital divide the effect; tomorrow the digital divide will be the cause, and poverty the effect.

Turning to the subject of HIV/AIDS, in past months it has been established that the right to life is worth more than the right to a patent. We need to discuss the just balance between the right to access to technology and the right to patents, in order that millions of citizens can have not only financing for development but also knowledge for development.

More than 50 years ago, my grandfather wrote a book about the difficulties of a peasant family. He wound up with two individuals who were wondering about the future of their children and who said, “It is always a dark night for our children. When will the sun rise for them? When will the sunrise come?”

This is certainly the same question that the Quenta Tarque family and millions of others are asking today. The response is that a new day will come when we are able to expand our resources and change the system of financing for development, when we are able to knock down the barriers that condemn millions of people to live on the side of this artificial wall of

underdevelopment that separates us, and when access to a digital world will be as routine for rural communities in Bolivia as they are for Bolivian students studying here at the Monterrey Technological Institute.

We hope that the changes deriving from this Summit will make it possible for the end of the Twenty-first Century to coincide with a new rising day for development. This is something that our people fervently need and hope for.

Botswana



President Festus Mogae of Botswana.

Statement by
His Excellency Mr. Festus Mogae
President of the Republic of Botswana*
21 March 2002

If I were to convey a single message to this Conference, it would be that whereas individual countries bear the primary responsibility for their own advancement, development, nevertheless, is a global challenge requiring global solutions and the active participation and inclusion of all stakeholders. Indeed, the mobilization of domestic and international resources, including foreign direct investment and other private

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flows, policies conducive to equitable growth of international trade, increased official development assistance, the resolution of external debt and conducive, coherent and consistent international monetary inter-agency systems, as well as the fight against HIV/AIDS, are all pivotal to poverty eradication across the globe. This Conference, therefore, marks the beginning of a common global approach to development financing.

Let me also emphasize that for developing countries to overcome poverty, significant volumes of official development assistance are required to spare economic and social progress in the short to medium term, while increased efficiency of aid should be a major concern, it should, however, not be used to as a pretext for not allocating additional resources of official development assistance. Official development resources can contribute to building the human and the institutional capacities. Furthermore, the value of untying aid, harmonizing donor policies and procedures, as well as making it more responsive to developing country needs, would be a great improvement.

Using aid as an instrument of promoting economic activity in donor countries themselves tends to distort the development priorities of recipient countries. Aid policies should also be flexible and forward looking and ensure equitable access by developing countries at various stages of development. Penalizing countries that have made some advances by not giving them sufficient resources with which to overcome remaining challenges is counterproductive.

That traditional official development assistance is necessary does not in any way detract from the major responsibility of developing countries for their own development in terms of optimizing domestic resource mobilization and ensuring good governance, as well as appropriate social and economic policies that recognize the crucial roles of the private sector, civil society and other stakeholders.

It is estimated that 20 per cent of the world population enjoys 80 per cent of its wealth and that over 1.2 billion people around the world live in absolute poverty. This requires immediate redress and development strategies forecast on poverty eradication. We in the developing world, especially in Africa, look to the Monterrey Consensus to give greater impetus to global, regional and national strategies and actions for resource mobilization, particularly resources for investment in poverty reduction and improvement in health, education and physical infrastructure.

In particular, the poor economic and social conditions in Africa should be a major concern of this Conference. There exist wide disparities in human development, as indicators between Africa and the rest of the world amply illustrate. Even worse, these disparities are widening, depriving a vast number of people the basic necessities of life and human dignity.

The sluggish economic growth, imprudent social and economic policies and management, political instability and an unfavourable global economic environment continue to aggravate the prevalence and the depth of poverty, disease, hunger, malnutrition, illiteracy, unemployment and inadequate shelter. This turn leads to the loss of hope and an insecure future for multitudes of people. All these factors pose the greatest threat to world peace, stability and security.

We, therefore, implore the international community to support the New Partnership for Africa's Development, NEPAD. NEPAD is anchored on the fundamental principles of African ownership, leadership and accountability, as well as good governance and the maintenance of peace and security.

NEPAD envisages a strong partnership with the international community that is built on mutual good will, respect and solidarity. The support of developed country partners in increased access to their markets, as well as technological know-how, higher volumes of official development assistance and technical assistance, in line with NEPAD's established priorities, are imperative to the success of NEPAD. This is necessary in order to, inter alia, bridge gaps in infrastructure, foster regional integration, combat HIV/AIDS, enhance the availability of information and communication technologies and ensure Africa's meaningful integration into the global economy. The Presidents of Nigeria, South Africa, Senegal and Algeria are our spokespersons and emissaries to the G-8 and the Organization for Economic Cooperation and Development.

HIV/AIDS is a human tragedy and the core development issue of our time. There can be no development in Africa without concerted efforts to ensure adequate financial resources to combat the pandemic. HIV/AIDS is a major crisis requiring an emergency response from the international community. Unless additional official development assistance and technical assistance or resources are allocated to fight this scourge, sustainable development will be seriously compromised.

Botswana is severely affected by the HIV/AIDS pandemic. The war against HIV/AIDS has been waged with determination and resolve so that the social and economic progress that we have achieved thus far is not reversed.

While HIV/AIDS is a daunting challenge, it is not an insurmountable challenge. With the requisite international support, political will and resources, we will be positioned to turn the tide against the pandemic and realize our full development potential.

Botswana has long recognized that sustainable development has to be a nationally owned and led process that requires sound democratic institutions and prudent economic management. Adherence to these principles, coupled with the exploitation of mineral resources and donor support, has propelled Botswana from the category of the poorest countries at independence in 1966 to the middle-income status of today.

Botswana continues to take constructive steps to solidify peace, democracy and good governance, upon which our pursuit of development is grounded. We are also committed to fostering partnerships with the broad spectrum of stakeholders, including both foreign and domestic investors, in order to achieve prosperity for all, as enshrined in our national mission 2016. Continued donor support is still necessary in order to consolidate the progress achieved and to ensure sustainable development.

Now is the time for a new architecture for development cooperation. Firstly, the scope of development cooperation should be broadened to include not only development assistance, but also trade, private sector development, private investment, access to technology, as well as equitable and inclusive global governance. Development assistance should also be synergistic with private sector development and contribute to national capacity-building, common interest and complimentary needs of the rich and poor countries, as well as global goals forged through the United Nations, must provide for new partnerships and compacts.

It is unfortunate that at this confluence of immense needs and great opportunity in the world, we find that official development assistance is declining. The official development assistance target of 0.7 per cent of the gross domestic products of developed countries should be met, or even surpassed, in the immediate future, if the Millennium Development Goals are to be achieved. The present level of 0.24 per cent is a serious underachievement that needs to be corrected.

It is also critical that in the new development financing agenda, small- and middle-income economies, including small island economies, that continue to demonstrate true commitment to global governance, the rule of law and economic reform, but are unable to access private sources of capital due to lack of interest by investors or perceived lack of strategic value by the powerful, should be supported as they grapple with uplifting the standard of living of their people and emerging challenges of globalization.

Dialogue and positive engagement with stakeholders, especially those in the private sector who make decisions that profoundly affect development around the world, is a matter of great importance to us. My Government values interaction with the private sector. We have in fact instituted consultative mechanisms to ensure continuous engagement with the private sector and civil society in an effort to enhance their contribution to national development.

It is clear that trade is the primary means through which developing countries can be integrated into the global economy. For trade to have an enduring impact, developed countries need to take concrete steps to address the concerns of developing countries over the implementation of Uruguayan Round undertakings, particularly the Agreement on Textiles and Clothing, the Agreement on Agriculture, the provisions concerning special and differential treatment and the provisions of technical assistance. In this connection, I wish to acknowledge, on behalf of sub-Saharan Africa, the positive actions of the European Union under the Lome Conventions and the United States under the African Growth and Opportunity Act (AGOA).

The World Trade Organization has to be transformed to incorporate the development dimensions of trade and to ensure coherence in global trade, financial and monetary development policies. We are encouraged by the dialogue and cooperation between the United Nations, the World Bank, the International Monetary Fund and other important stakeholders that have characterized the financing for development process. This cooperation should be further consolidated to ensure coherent and mutually reinforcing multi-lateral development policies. Similarly, development policy concerns that do not precisely fall within the purview of existing international organizations should be addressed as a vital step in bringing the 'global government deficit'.

The United Nations must also ensure that there is an adequate follow-up to resolutions of previously held conferences. Concrete proposals such as the feasibility of an international tax system, the International Development Association providing a greater proportion of mutual resources to the poorest countries in the form of grants, rather than loans, should be analyzed objectively and firm proposals put forward without procrastination. The United Nations must promote global citizenry so that countries are not just preoccupied with our parochial interests.

The world will be safer and more secure with shared values, broad-based development and when all its inhabitants can see the promise of a bright future, instead of perpetual despair. The United Nations strong advocacy for human-centred development should therefore be intensified. In this regard, my Government wishes to reiterate its unflinching support for the United Nations system.

It is my ardent hope that this Conference will herald a paradigm shift in international development cooperation that is underpinned by strong political commitment by both developed and developing countries and coordinated support for multilateral development institutions. However, this would be incomplete without the establishment of clear mechanisms to monitor the implementation of resolutions of this Conference and achievement of Millennium Development Goals to ensure the Monterrey Consensus leads to sustainable development financing and poverty reduction in the world and, more importantly, that all stakeholders play their full part in the global partnership.

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Canada



Prime Minister Jean Chrétien of Canada.

Statement by
His Excellency Mr. Jean Chrétien
Prime Minister of Canada
21 March 2002

On behalf of Canada I would like to voice strong support for the Monterrey Consensus. A consensus that is unprecedented in scope and participation. That seeks to take an indispensable step forward together in securing a fundamental common cause of the United Nations. As expressed in the Millennium Declaration. That of creating a true international partnership or compact for development. Whose ultimate goal is nothing less than ensuring that the benefits of globalization are truly global.

Canada is especially pleased that the Consensus acknowledges the complexity of the issue at hand. It resists the temptation to resort to attractive but simplistic solutions.

The Consensus recognizes the importance of development assistance. Something that Canada has acknowledged with increases in recent years to our development assistance budget. But the Consensus also recognizes the fact that development assistance will never by itself create the sustained economic growth that is integral to achieving meaningful development and a better quality of life. That is why meeting the challenge of forging a real partnership is essential.

Leaders of developing nations need to follow policies that create a framework for sustainable economic growth and productive private sector investment. Including a commitment to good governance and the rule of law. Sound fiscal and monetary policies. And improved transparency. The challenge for leaders of developed countries is to reward these efforts with effective assistance. The Monterrey Consensus is a blue print for how we can work together to meet this sweeping challenge.

Beyond aid it recognizes that we must deal with choking debt loads. This will continue to be a Canadian priority. It also recognizes that there will be little prospect of investment and trade if developing nations are denied access to world markets. This is a message I have heard loud and clear in my own recent discussions with African leaders. Particularly in respect of agriculture.

As the Chair of the G8, Canada has made building a development partnership with Africa a priority. With an approach that reflects and seeks to advance the Monterrey Consensus. Our goal is to endorse a concrete Africa Action Plan. Based on the New Partnership for Africa's Development. This Partnership is an historic point of departure from the past in that it is Africa-driven. It has been conceived by progressive African leaders on their own initiative. Not at the behest of donor agencies. It is based on the principle that the key to progress in Africa lies first and foremost with Africans.

It entails strong commitments by African governments to good governance and sound policy. And seeks an international partnership in dealing with debt and trade issues. As well as on untying aid and knowledge sharing. To implement the objectives of the G8 Action Plan we have set aside an additional \$500 million. Discussions with G8 leaders are going well. And I look forward to reporting our results.

Above all we must recognize that the global dialogue on development must continue. A dialogue in which the Monterrey Consensus and the G8 Africa Action Plan are not the end of the road. But, in many ways, just the beginning of our journey. Toward a more just, more prosperous, and more secure world.

Cape Verde



Prime Minister José Maria Pereira Neves of Cape Verde.
Photo: Luis Galan/ Terra Networks.

Statement by
His Excellency Dr. José Maria Pereira Neves
Prime Minister of the Republic of Cape Verde
21 March 2002

Let me start by thanking His Excellency Vicente Fox, President of the United States of Mexico and President of this Conference for the warm welcome and hospitality extended to us since our arrival to this beautiful city of Monterrey. We also want to convey our deepest appreciation for the efforts dedicated to ensuring the success of this high-level event.

It is an act of justice to stress the importance of the sustained leadership of Secretary General Kofi Annan all along the way that brought us to Monterrey, including his personal and direct contributions to the Preparatory Commission during the most challenging moments of the process.

We rejoice with the open mind and whole-hearted dedication of all those who participated in the preparatory process. We praise the mission that the Preparatory Commission accomplished, by gradually and with pragmatism, realism and creativity bringing up the 'Monterrey Consensus' that we will be approving during the course of this Conference.

One of the main objectives of The Charter of the United Nations is to promote international cooperation aiming at solving economic, social, cultural and humanitarian problems of its member States. This means that our organization must be in the centre of the efforts to achieve the aims of development.

However, in spite of the fact that development has always been one of the main directions of its actions, the assessment of the global results is not satisfactory, as the proposed aims could not be reached, owing to the scarcity of resources for ODA to developing countries that have been made available, still far from the agreed target of 0.7% of GNP of the industrialized countries.

If it is true that during the '90s the United Nations Conferences dedicated to global issues far-reaching decisions to promote cooperation for development based on mutually assumed engagements, it is also evident that we are still very far from their implementation, thus leading to the adoption of a set of important commitments by the Heads of State and Government gathered at the Millennium Summit.

On the other hand, the great changes in the international economic environment induced by globalization created great expectations and new opportunities of economic growth for the developing countries. But these countries need to provide themselves with the proper means to benefit from those opportunities and be able to face the inherent risks.

It is in this context, that the least developed countries, like Cape Verde, must create institutional, human and financial capacities and be able to mobilize the necessary resources for their development, along with implementing healthy macroeconomic policies, ensuring good governance and enforcing respect for human rights.

Under these circumstances we stress that it is time for resolute action, without any ambiguities or evasions whatsoever towards the effective implementation of the 2001-2010 LDC Plan of Action, adopted in Brussels during the Third United Nations Conference on LDCs, as well for the implementation the Global Plan of Action for the Sustained Development of the Small Island States.

The support of the international community, as we all know, constitutes a key element of the said process, namely through the United Nations system. Our Conference, although admittedly not a panacea for all the problems faced by the developing countries, represents notwithstanding a firm step in the good direction, since it allows us to assess the large spectrum of issues implied in the process of financing for development and share responsibilities in search of the best solutions and commitments.

In this sense it is pressing the need of new and additional financial resources to be allocated in order to promote institutional capacity building of both public and private sectors, as well as directing further direct foreign investments to the poorest countries, promotion and support of growth and competitiveness programmes, as well as to promote trade as tools for fighting poverty, especially in the LDCs, Small Island States and landlocked countries.

Fighting poverty must be a priority!

During the recent Forum on the Implementation of the United Nations Convention to Combat Desertification held in Praia, Cape Verde, from 5th to 8th of this month, the obvious correlation between the struggle against poverty and the struggle against desertification was widely demonstrated. It is not by chance that the desertification planetary distribution map almost coincides with the map of poverty distribution. Therefore, we launch an appeal to our partners to firmly support comprehensive strategies such as the one proposed by the 'New Economic Partnership for African Development' (NEPAD), considering their common objectives of poverty eradication and promotion of sustained development.

Likewise, market access for goods from developing countries is vital if we take into consideration the primary role of international trade in generating resources for finance for development. Special attention should be given to the Least Developed Countries (LDCs) if we want them to achieve effective self-sustainable development. In effect, no one can ignore the intrinsic relation that exists between trade, economic development and poverty alleviation, and between the above and the processes of desertification and environmental degradation.

We are aware of the fact that the support of developed countries is fundamental for the development of the small, poor, island and sahelian country as my country, Cape Verde. We are also conscious that the rhythm and quality of its development depends mainly on our capacity to take our destiny in our hands. As Amilcar Cabral, the founder of the Cape Verdean nationality, said "As hot as the spring water might be, it will not cook your rice"

Since independence, in 1975, Cape Verde has reached increasing levels of political, economic, social and cultural development. In spite of those significant levels, we are still facing the fundamental problem of structural imbalances. Our development process has been characterized by ups and downs due

to economic vulnerability proper to small island developing states lacking natural resources, having a weak productive base and heavily dependent on external financial flows. Cape Verdean women and men are the main resources of our country, and we are committed to improve their technical and professional skills. But we must act, and act rapidly in order to generate the sustainability of our development.

In order to ensure a good macroeconomic framework and to implement structural reforms needed to enlarge the productive basis for growth and competitiveness of the Cape Verdean economy, great efforts must be made.

Institutional and Public Administration reforms, development of human capital, the creation of a strong, productive and competitive business sector that can generate employment; infrastructure and the organization of territory; active solidarity policies; combating poverty and strengthening social cohesion – these are the main axes of action of my government. We are getting very good results as we are determined to achieve good governance indicators.

In that sense, the densification of civil society, the rule of law, transparency and ethics in all matters related to the State, as well as sound macroeconomic policies are essential. However our efforts need to be properly matched by partnership of the international community. What raises our expectations and increases our hope is that Monterrey will open the way to solve the problems that afflicts the international community, with onerous reflexes in the poorest countries.

The participation of Cape Verde in the Conference on Financing for Development is that of a country that is open to the world, and that seeks to build a strong and dynamic productive system based on the promotion of its human capital, its technological capacity, as well as its culture. A country that wishes to consolidate a society of peace and social justice, democracy, openness and tolerance; a country with a sustained human development, of solidarity, with a balanced regional development, aesthetical and environmental sense based on a developed ecological awareness.

I would like to finish by expressing the hope that the results of this Conference will lead to an effective contribution towards a better, more secure, just and peaceful world in which we may be able to raise international cooperation to higher levels so that we may all benefit from the great successes of mankind.

Chad



Prime Minister Nagoum Yamassoum of Chad

Statement by
His Excellency Mr. Nagoum Yamassoum
Prime Minister of the Republic of Chad*
21 March 2002

First of all, I would like to ask all the participants at this Forum to accept the regrets of the President of Chad, who was unable to be with us this afternoon. I would also like to associate my voice with those of earlier eminent speakers in thanking the President and the people of Mexico for their kindness in hosting this very important initiative.

I would like to underscore that, at the beginning of this millennium, the world seems to be more truly aware of the tragedies that millions of human beings are experiencing from war, natural disaster, disease and, above all, the injustices that characterize international relations. The Millennium Summit of September 2000 held in New York and the present Conference devoted to financing for development attest to the international community's move towards greater equity and greater humanity in today's world.

* The text of this statement has been transcribed from audio recordings as the original was not submitted to the Secretariat.

Now it is more urgent than ever to transcend the phases of holding conferences and thinking and get down to action. Indeed, for more than half a century, thousands of experts, and hundreds of various organizations, have prepared tons of development schemes for the third world. They have designed numerous files and projects aimed at integrating the underdeveloped countries and the world economy. Some were successful, but most fell short. The developing countries were not able to begin their expected economic recovery. On the contrary, most have become more and more bogged down in underdevelopment.

This is particularly visible in the African continent, where poverty, famine, disease and political instability seem to persist, if not increase. Proof of this fact is that, of the 49 countries of the planet considered to be the least developed countries, 34 are in Africa. For a decade, despite the weighty legacy of the past and the burdens and constraints imposed by dictatorships, Africa decided to react by committing itself to far-reaching political reforms. It wants to take its destiny into its own hands. Of course, the results have not yet been achieved, but reverse motion is impossible.

In a more formal commitment, African leaders adopted The New Partnership for Africa's Development (NEPAD). This programme, thought up by Africans for Africans, is proposing a new form of partnership with the rest of the world. For its part, Chad, a landlocked State in the heart of Africa, a State that has experienced turmoil and dictatorship for 30 years and has been beset by all kinds of natural disasters such as drought and disease, is resolutely part of NEPAD. For over a dozen years our Government has committed itself to shattering a vicious cycle of inevitable ills overwhelming the country. It has harnessed itself with determination and the assistance of all political and social stakeholders to build a society based on liberty and law.

Chad has succeeded, above all, in achieving our nation's dream of exploiting Doba oil. Thanks to the sacrifice and courage of a people hardened by years of privation, Chad has tried to redress itself politically and economically.

Here we would like to thank all of our bilateral and multilateral partners who have supported the greater burden of this endeavour. In this respect, I would like to extend particular thanks to the Republic of China on Taiwan** for its important assistance in carrying out vital projects. The foundations have been laid in Chad; they cannot be destroyed. It is now a question of correcting the shortcomings so that this opus can resist all unforeseen ills. The support of our development partners is essential in order to correct imperfections and to gain optimal national capacity.

At this time, Chad would like to make some proposals, inspired by NEPAD, that could foster socio-economic and political development in our country, and I hope that they will get the attention of participants here.

The world has changed incontrovertibly under the influence of technological advance and new technologies. It is inadmissible that the prosperity stemming from these changes should coexist with poverty affecting over three-quarters of the planet's population. Our vision of the world should also change. Unbridled profit-seeking should yield to sharing and to mutual beneficial partnerships. It is for this reason that the Republic of Chad supports the proposal to increase the share of grants over that of trade in official development assistance (ODA). We are particularly encouraged by the recent statements of the United States and the position taken by the European Union on behalf of the financial institutions. These very praiseworthy initiatives should contribute to financing priority sectors in countries such as Chad. African countries, for their part, want to integrate themselves into the world political and economic arena. The international community has a duty to help them. It is not only a duty; but it is also a necessity, because it is illusory to believe that the happiness and prosperity of some will always remain at the expense of the larger number.

I should like to pay tribute to the United Nations Secretary-General for his initiative in convening this Forum, to ensure that there will be greater humanism, equity and responsibility in international relations.

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Chile



President Ricardo Lagos of Chile.

Statement by
His Excellency Mr. Ricardo Lagos
President of the Republic of Chile*
22 March 2002

I wish to begin by congratulating the President of Mexico for having convened this Conference. The Monterrey Conference in and of itself is a success, because it lays down a new scenario for addressing the difficult task of setting up just and well-balanced structures for financing the development of the poorest countries in order to promote domestic reforms, which are absolutely necessary to ensure financing, and to have the best possible trade with the best possible access. This forum is designed to flag problems. It is a good step forward towards finding solutions.

Since we have very little time I wish to focus on four essential topics that seem to me essential. The first is that the world has changed much over the past 50 years. Accordingly, financial assistance as we understood it fifty years ago is quite different from what is necessary now. Of course, the 0.7 per cent of gross national product to support development holds.

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But let me flag four essential facts:

- First of all, this assistance will go to the poorest countries and that is how it should continue to be.
- Secondly, we should have a set of rules to ensure access to that assistance in an equitable and transparent way.
- Thirdly, it should not be tied to conditions by donor countries, which is something we consider to be fundamental. It is good that at this meeting we have listened to the President speaking on behalf of the European Union to increase assistance until 2006 in order to reach 0.39 per cent. That is an initial step.
- Another point relates to a larger number of developing countries that are seeking not only financing, but also access to markets. A recent study has shown us that if trade barriers were lifted, the developing countries would be able to generate \$130 billion in profits, more than twice the \$50 billion that had been proposed for the Millennium Summit. This is the magnitude of the transfer that we are speaking of, and this relates to market access.

In Doha, there was great success and in good time. But let me say that we have difficult tasks ahead of us, first of all because one third of the anti-dumping measures that were adopted in 1995 and 2001 were traced to three developed countries. I know that it is hard. But we have to work so that we can address this thorny issue.

I think that it is also important to understand that one possible cause of increased volatility in the price of exports over recent years, which are essential for our trade, are protectionist measures practiced by developed countries, which make the market only send surplus to the world markets. The result is a high degree of volatility in commodity prices. Trading only surplus, because of protectionist measures makes it very difficult for there to be proper access to markets.

Another point is something that did not exist 50 years ago – access to private financing. Let us be clear here. Private financing is just as important as public financing. The higher-level developing countries and medium-income countries have access to private finance now, but capital flows to our countries are very cyclical. Capital is injected when there is world abundance and withdrawn when the world economy shrinks.

Let me be very sincere here. In a country such as Chile access to international markets is essential. We have private finance sources within the context of infrastructure. We are getting private financing with regard to education, health and our prison system. But the private international resources are essential. These are just as important as official development assistance.

What can we do to ensure that these resources that are directed towards emerging markets do not perform in a cyclical fashion, as they have to date? Countries have successful economies. They get capital. Precisely, for that reason, the country grows even more. But there are international difficulties that arise, and the capital migrates. This is a core issue if we want to be able to have serious discussions on financing for development.

How can there be financing for development with regard to international capital flows, which are essential for development, but must perform somewhat better than they have in the recent past? We know that we have heard about various initiatives from this rostrum, for example a tax that would make it possible for the transfer of private capital to be of a different nature. This is a factor that we consider to be at the core of our discussion here. I would like to have our future tasks include that topic.

Finally, I would like to flag two factors that I deem to be essential. This concerns the Special Drawing Rights. Special Drawing Rights are a way to create money at the international level through the International Monetary Fund. Special Drawing Rights go hand-in-hand with the contributions that each country makes to the Fund. I think that we should be making headway so that those special drawing rights and those created resources that do not imply transfer from one country to another could be devoted to financing the public good. How can we make intellectual property rights for the laboratories that are working against AIDS and other diseases be reconciled with the need to have access to generic material in our own laboratories. The Special Drawing Rights could pay for patents so that certain countries would be able to deal with such situations. We are looking at the entire set of public goods and patents that could be financed in this way. I think that this also deserves future discussion.

My second and last point is that Special Drawing Rights will make it possible for us to find the machinery to deal with crises that we are accustomed to facing as they have occurred over recent years. The world has been very concerned about the situation in Mexico in 1995, and I intend no disrespect when I say

this. It was worried about the situation in Russia in 1998. In Brazil, it was 1999. In Turkey it was 2000. In Argentina, it was 2001. What does all of this tell us? It means that we have to find new ways and means that will make it possible for the financial system to be able to take steps such as last-minute loans with clear rules and specific modalities. We are not just wasting resources when the tasks are not properly performed. There has to be an institution that is well prepared to deal with such crises. Otherwise, damage will be done to that transfer of 0.7 per cent. Tariff barriers will arise, whether they be for environmental reasons or labour reasons. The flows will become restricted. So financing for development itself will be adversely affected when such crises arise. Such crises must therefore be dealt with by appropriate institutions.

My last point relates to our own responsibilities within our own countries. Here, we are talking about financing development. We have come here to say that we want more, so we can have more development. That is fine and it is high time, but the essential element to develop and progress depends upon what we do domestically. We cannot increase domestic savings and have proper microeconomic policies and the rule of law unless we sit down at home and address this question. So that we can speak out in international forums, we have to be aware of the fact that inside our countries, at home, we are doing the best with the most. The problem is when we do our best and find that the international community is not well prepared.

As we said yesterday, the Monterrey spirit is the launching of a course of action so that we can do what the United Nations did 50 years ago in Bretton Woods. Discussion of the international financial architecture and the rules of trade belong to each and every Member of the United Nations, and we all must deal with these questions collectively. That is the meaning of the spirit of Monterrey. Let me once again congratulate Members for having convened this Conference.

Colombia



President Andres Pastrana of Colombia

Statement by
His Excellency Mr. Andrés Pastrana Arango
President of the Republic of Colombia*
21 March 2002

As we speak of our common world, I wish to tell you about a well-known statistical exercise circulated each year on the Internet. Perhaps many of you are already familiar with it. The exercise gives us an idea about how our planet's population would be composed if we were able to reduce its inhabitants proportionally to merely 100 persons. I think this exercise will give us a lot to think about over these first few days of the Conference, and I would like to share it with you.

If there were only 100 people on planet Earth, 57 would be Asians, 21 would be Europeans, 14 would be from the Inter-American continent and 8 would come from Africa. Fifty-two would be women, and 48 would be men. Thirty would be white, and 70 would be from other races. Thirty would be Christian, and 70 would profess other religions. Eighty would be heterosexual, and 11 would be homosexual. Six would possess 49 per cent of the world's wealth, and those

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six would come from the United States. Eighteen would dwell in inadequate housing. Seventy would not be able to read. Fifty would be undernourished. One would be about to be born, and another would be about to die. Only one would have a university-level education, and only one would own a computer.

If we look at our world from this compressed perspective, the need to accept the fact that one has to be tolerant to understand and educate people becomes very impressive. I myself have to say that I own a computer; I know how to read and write; I am educated; I am not undernourished; I have decent housing; and I am alive. Why should I complain? We, who not only have education technology and a good quality of life, who have had access to the highest academic levels, and who have national and international responsibilities – what have we done? What are we doing now? And what can we do so that this world, this immense global village, becomes a more just, more equitable and more peaceful world? This is precisely the objective of this Conference.

If the planet had only 100 individuals, how many of them would be leaders or would have the power to lead – for better or for worse – the destiny of our group? Surely one – and only one. This is the world in which we have to live, but it certainly is not the world in which we wish to live. We have many tools right in our hands to enable us to bring the world closer to a horizon where social justice prevails. President John Fitzgerald Kennedy once said that no one can be truly rich if his or her neighbours are poor. We are talking about a thought process that I think sums up very well the philosophy that brings this forum to the immense majority of world nations – including the most developed countries, those with medium-level income and the least developed – namely, the crucial topic of Financing for Development.

Human beings, without any distinction whatsoever, are a community – a community that navigates together on this globe we call the Earth. As a community we have to work so that the fate of our neighbours or of those who live far away can be the same as that of those in our own countries. You cannot pick a flower in China without, sooner or later, feeling its effects on the other side of the planet.

Colombia has proposed to the world a very fundamental concept that can and should apply to all topics and problems that interest humankind as a whole – that of shared responsibility. This principle, which my country has encouraged and promoted successfully on the subject of the global problem of drugs, applies as well to all of the challenges facing humanity. Because of their global character, these challenges require an integrated approach.

Shared responsibility is financing for development. Shared responsibility means arms control. Shared responsibility means a joint, unswerving struggle against terrorism. Shared responsibility is to support equal access to new information technologies. Shared responsibility means the preservation of the environment, because it belongs to all of us, and, above all, to future generations.

How does one visualize this shared responsibility in the area of Financing for Development? It can be done through the implementation of the following postulates:

- First of all, the creation of a favourable international environment for the competitive integration of the economies of developing countries;
- Consolidation of associations that link Governments, non-governmental organizations, international organizations and various sectors of civil society so that they can work to support development, considering both its international and domestic aspects;
- Strengthening of the role of the regional financial organizations;
- Fulfilling the goals referring to official development assistance;
- Promotion of foreign direct investment; promotion of free and equitable trade with developing countries; and
- Redesigning the international financial architecture to make financing for development more flexible and efficient and to prevent the effects of possible national or international crises.

We simply do not have the time to refer to each one of these points in the detail that they deserve, but I think it is good to know that, in the great majority of them, we are achieving important, very significant agreements in the Monterrey Consensus, which we will be signing tomorrow as a legacy of responsibility towards our people and their future.

What we can do, however, is to make a few relevant points on some of these topics. For Colombia, it is clear that international financing should not be aimed solely at the introduction of economic reforms to foster growth; rather, it has to foster something else – this component of human and social well being, which we call development, and which transcends figures that describe macroeconomic results. Of course, we share the approach according to which the primary responsibility to development is up to each

and every country. But we know that in a globalized world marked by interdependence it is impossible to speak of development if we do not have a favourable environment in areas such as financing, cooperation, investment and trade.

Allow me to use my country as an example. Colombia is a nation of more than 40 million inhabitants. We are talented, hard-working people who have yielded fantastic artistic, cultural and scientific results for humanity. Our territory is rich in natural resources, and its biodiversity is among the greatest in the world. However, more than half of our population lives in poverty, to a great extent because of two phenomena that have affected the country during the last few decades and that have further deepened traditional disparities in the economic and social area. I am talking about the worldwide problem of illicit drugs and an internal conflict generated by a few violent groups with an anachronistic dialogue and no popular support. Faced with this situation, what can we expect from the international community?

As I said earlier – financing, cooperation, investment and trade – all mesh with the principle of shared responsibility. The global drug problem, which is the main financing source for violence and terrorism in my country and in the world, will not be solved if we do not work together and pool our efforts to stave it off. We need cooperation for the eradication of drug cultivation and for interdiction in producer countries. We require control to avoid the diversion of chemical precursors by industrialized countries. We need prevention control in consumption all over the world, and we need control in the responsible sale of arms and weapons, and we need the international community's true commitment against money laundering, which is turning the drug business into one of the most fantastically huge businesses in the world today, and certainly one of the most damaging. To fight this scourge, we have to have put into practice a principle of responsibility.

In other words, we need more than solidarity; we need responsibility to ensure that the contribution of industrialized countries is 0.7 per cent of gross domestic product (GDP) for official development assistance (ODA). Responsibility, so that the most developed countries do not put commercial barriers in the way of the least developed, thus maintaining protectionism that limits the opportunities for progress of the vulnerable countries. Responsibility, so that foreign direct investment means truly more jobs and more income for recipient countries. Responsibility, so that financing is also achieved with social criteria, making sure that development goes before profitability.

No one can be rich if his or her neighbours are poor. This is a veritable fact that we must not forget, because it is self-fulfilling. Poverty is contagious. Our challenge today is to ensure that wealth and the well-being that it can create will extend in the widest and most equitable way possible all over the world.

This Conference, and the Consensus that will emerge from it, constitute a fundamental step towards this objective. We have to continue to work so that hope will never again die, imprisoned by words and promises, and so that children who know nothing about this Summit, but who suffer from poverty, will be able to reap the positive effects of our discussions.

Costa Rica



President Miguel Echeverría of Costa Rica.

Statement by
His Excellency Mr. Miguel Ángel Rodríguez
Echeverría
President of the Republic of Costa Rica*
21 March 2002

Proceeding from the commitment achieved at the Millennium Summit that this will be the century of development of All and, trusting in our own promises

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to reduce extreme poverty by half by 2015, we Heads of State and Government from all corners of the world have come to this Conference to take a decisive step in that direction in the search for solutions to national and international problems of Financing for Development. The countries of the Rio Group recognize that in the task of raising the quality of life of our peoples and families nothing can take the place of responsible work done within each country. Strengthening democracy and the rule of law, fiscal and monetary discipline, rational use of natural resources and investment in infrastructure and human capital in a setting of freedom, healthy competition, responsibility and solidarity. This is the agenda that must be pursued by responsible Governments in their fight against poverty and the vicious circle that engenders it.

Although that is the first and most important step, it is not, nor will it be, sufficient if it is not accompanied by opportunities afforded by the opening up of markets and financial support for the creation of capacities of human development for our people. We view with concern how export subsidies damage the competitiveness of developing countries, as we were reminded by Peru this morning, and increasingly impoverishes them by forcing them to compete with artificially low prices. We view with concern how tariffs subject to the exports of the poorest countries are, according to World Bank data, virtually twice those which are applied on average to the rest of the nations of the world.

The countries of the Rio Group will redouble their efforts so that the final results of the Doha Agenda, with the launching of this large round of multilateral trade negotiations, may recognize the interest of the developing countries, especially with regard to important areas of this agricultural trade and labour-intensive goods. So that our entry into the world economy will be full-fledged and truly profitable for our families, we must ensure that capital flows freely and transparently in search of the best opportunities for investment under optimal regulations and machinery for crisis prevention in such a way as to give greater vigour to production, employment and the well-being that we are seeking.

However, the Latin American region has been prepared in recent years, according to ECLAC, to face fluctuating external flows of financing and it has faced unequal access to capital markets, foreign direct investment and resources with which to prevent systemic crises. Insufficient levels of official development assistance have limited the development of projects having a high social benefit in countries that face

pressing needs. Given this picture, reactivating official development assistance has become vital. Successful experience has shown that when a company invests sufficiently in a sustained and effective manner in universal education, health, basic services and humanitarian programmes, one can break the vicious circle of poverty, and the means can be generated to continue advancing on one's own footing.

We therefore look with gratitude and optimism upon the recent decisions of the European Union and the United States. It is the task of all to unleash a virtuous circle in developing countries. The rich countries must provide at least the agreed level of financial support, as well as opportunities for growth through the opening of markets. The poor and developing countries must continue doing things right internally, with a sense of responsibility and making use of financial assistance efficiently and equitably in areas that generate capacities for human development and families.

Forgiveness of external debt to highly indebted poor countries would be another show of international solidarity that would release resources for development. However, that initiative should be assumed primarily by the developed countries without affecting small poor countries that are creditors of the recipient countries, because forgiveness of debt, which for a rich country can be easily absorbed, can do major damage to a poor country like Costa Rica.

In the present situation, without our participation in decisions, Costa Rica has been asked to accept a loan agreement that would amount to \$101 per person, whereas England and the United States agreed to \$5.30 and \$7.70 per dollar respectively. That would be unacceptable and highly prejudicial.

This inequity in the international financial structure is one that must be promptly corrected. We believe that a system of emergency loans entrusted to the World Bank would resolve many of the liquidity difficulties faced by small countries during periods of international crisis. At the time of an international crisis, which they do not provoke, they then find that they neither have access to the personnel at financial institutions nor to the resources that have already been used. We might also have a system of guarantees by the World Bank and the regional development banks for the issuance of bonds with adequate monetary policies in order to guarantee in those circumstances better resources under better conditions. Through creating a fund with small resources from the International Monetary Fund, central banks could have immediate access with which to face crises of confidence affecting their currencies.

When we speak of opportunities for support, resources and the international financial structure, we are speaking of necessary conditions, so that between us all we can put an end to misery and overcome the crisis of hunger, lack of education and disease that plague our countries. In this regard, our generation, as Jeffrey Sachs, the well-known economist, has said, could liberate mankind from the shackles of poverty. The rich countries could ensure that the poorest of the poor could escape poverty, only by providing a very small fraction of their annual income or even their military expenditure to overcome the crisis of hunger, education and disease. That aid, combined with market-based economic growth, could put an end to extreme poverty.

Allow me to conclude with a very personal comment. In a few days, the mandate with which I have been honoured by Costa Rican democracy will come to an end. In my four years of Government I have been able to participate in the Millennium Summit, in summits dealing with the opening of trade, poverty, growth and unemployment. Here in Monterrey, thanks to the warm welcome of our Mexican brothers, we are now endorsing a technically correct policy declaration. But the Food and Agriculture Organization tells us that we are not moving ahead quickly enough towards the goal established in 1996 to reduce the number of hungry families by half by 2015.

The Secretary-General tells us that with present levels of development aid and efforts by the developing countries, we will not in 2015 reach the goals of the Millennium Summit. Rich and poor countries know well what we must do in order to attain human development. Moreover, since 11 September we are living in a world without walls. It is clear that we are all morally responsible for the well-being of all and that we must be concerned about the conditions under which all others live.

We face political problems in our democracies that sometimes are due to the wrong focus of information given to our citizens and shortsighted interests and dictatorships where power is corruptly exercised. We must mobilize public opinion in every nation in favour of economic rationality, personal responsibility and social solidarity, nationally and internationally. Achieving that is the key to human development. Let us assume our commitments as political leaders. Let us commit our lives to making it politically possible to fulfil our moral obligation: change for human development. If this summit is a beginning in making those changes, we will have successfully launched the Monterrey Consensus and spirit referred to this morning by President Fox.

Croatia



President Stjepan Mesic of Croatia.

Statement by
His Excellency Mr. Stjepan Mesic
President of the Republic of Croatia
21 March 2002

This is not the first time that a meeting has convened at such a high level in order to discuss development, or, to be specific, financing for development. Even on the occasion of earlier meetings, including those at lower levels, we knew that this is one of the key issues in the world in which we live. We also knew that it was high time to pay it due attention. And if one can say that we have started to consider the problem of development and its financing at the eleventh hour, as they usually say, then this meeting is being held – without any exaggeration – at the last possible opportunity indeed.

Engineering and technology are developing at an undreamed-of rate. Falling behind is literally becoming a matter of life and death. An achievement, which took a couple of decades as late as the first half of the past century, is currently accomplished in a couple of years. As a result, a ten-year lag today is equal to a lag of fifty or more years in the mid-twentieth century. In the process, the gap between the developed on the one hand and the developing and under-

developed on the other hand is increasing at an ever faster rate, and its closing is proving to be increasingly more difficult.

The division into those that have and will have, and those that do not have and see no chance of ever having, is becoming ever more pronounced and dangerous. In the globalizing world, wealth is globalized as well as poverty. We must put a stop to that! We have to demonstrate political will, because this is basically the issue, so as to start overcoming the division into the developed and the underdeveloped, or, in other words, into the rich and the poor.

Do not get me wrong. In free-market and free-competition conditions, it is obvious that all countries cannot get the same share of the cake. But all countries should get the chance to open up the cycle of their own development, stop the headlong fall into poverty and economic dependence followed by political dependence, by using their own potentials, natural, material and human alike.

Underdeveloped countries simply cannot open up this development cycle on their own. This is precisely why we are discussing today the Financing for Development. Of course, I am not saying that the problem can be dealt with by some kind of economic charity. I am not saying that the developed countries ought to provide some kind of charitable aid in order to resolve the issue. It is true that one also ought to provide, to discuss thoroughly debt write-offs to the poorest countries, to consider non-repayable aid as well – but that can only help to alleviate temporarily the most pronounced consequences, not to remove the underlying causes. Therefore, the problem should be dealt with at its roots and on a long-term basis.

Having said that, I have the following in mind: Any country in the world, particularly in today's ever more interconnected and interdependent world, has certain specific comparative advantages and, by relying on them, conditions on which to base its own development. But, let me reiterate once again, there are many countries that are so poor, that lag so much in their development through no fault of their own, that they cannot achieve this goal on their own. This is where the developed countries 'enter the game'. They simply must help, even – let us be quite frank about it – in their own interest as well.

Therefore, the developed countries must help, not merely because it is simply inhuman to be a passive witness of conditions in which millions are starving, and thousands and thousands dying of hunger daily, conditions in which millions are condemned, from the very moment of their birth, not to life but merely to survival, with no educational possibil-

ities, no health care, lacking all those elements distinguishing life in developed countries and taken for granted.

The developed must also help because misery, poverty and dependence create the environment fostering terrorism, producing desperate individuals who are easily misled by the abuse of either religion or ideology or a just struggle for the achievement of legitimate national rights. After the eleventh of September 2001, does anyone still need an explanation why it is important to eliminate the causes of global terrorism that currently faces us?

I have said this many times so far, and I shall reiterate it on this occasion: the use of force is necessary and unavoidable in the direct war against terrorists and those that abet them. But this war will yield only temporary and short-term success unless we engage in a long-term action focused on eliminating the environment from which global terrorism originates.

Some may feel this is an additional dimension of the problem we are discussing here, but that is actually not the case. Poverty, underdevelopment, hopelessness, subservience and dependence have always provided fertile ground for the recruitment of people ready to resort to extremely radical methods – and terrorism is certainly one of such methods – in trying to change the current state of affairs. We knew that before, but perhaps we were not prepared to accept it. Today, we both know and accept it because after the eleventh of September nobody is entitled to close his eyes to the fact that global terrorism is directly connected with the growing gap between the developed and the underdeveloped regardless of the masks used by those that inspire it.

Let me conclude: Globalization is a process, which cannot be stopped. But, if we fail to direct it properly, its negative implications will move to the forefront. Therefore, we must endeavour to replace the globalization of enrichment on the one hand and impoverishment on the other by the globalization of development.

Let us make development a global process, and we shall truly lay the foundations for a better world! If we want to, we can do it. If we want 'tomorrow' to be better than 'today', we must do it!

Cuba



President Fidel Castro of Cuba

Statement by
His Excellency Dr. Fidel Castro Ruz
President of the Republic of Cuba
21 March 2002

Excellencies, not everyone here will share my thoughts. Still, I will respectfully say what I think.

The existing world economic order constitutes a system of plundering and exploitation like no other in history. Thus, the peoples believe less and less in statements and promises.

The prestige of the international financial institutions rates less than zero. The world economy is today a huge casino. Recent analyses indicate that for every dollar that goes into trade, over one hundred end up in speculative operations completely disconnected from the real economy.

As a result of this economic order, over 75 per cent of the world population lives in underdevelopment, and extreme poverty has already reached 1.2 billion people in the Third World. So, far from narrowing, the gap is widening.

The revenue of the richest nations that in 1960 was 37 times larger than that of the poorest is now 74 times larger. The situation has reached such extremes that the assets of the three wealthiest persons in the world amount to the GDP of the 48 poorest countries combined.

The number of people actually starving was 826 million in the year 2001. There are at the moment 854 million illiterate adults while 325 million children do not attend school. There are 2 billion people who have no access to low-cost medications and 2.4 billion lack the basic sanitation conditions. No less than 11 million children under the age of 5 perish every year from preventable causes while half a million go blind for lack of vitamin A.

The life span of the population in the developed world is 30 years higher than that of people living in Sub-Saharan Africa. A true genocide!

The poor countries should not be blamed for this tragedy. They neither conquered nor plundered entire continents for centuries; they did not establish colonialism, or re-established slavery, and, modern imperialism is not of their making. Actually, they have been its victims. Therefore, the main responsibility for financing their development lies with those states that, for obvious historical reasons, enjoy today the benefits of those atrocities.

The rich world should condone their foreign debt and grant them fresh soft credits to finance their development. The traditional offers of assistance, always scant and often ridiculous, are either inadequate or unfulfilled.

For a true and sustainable economic and social development to take place much more is required than is usually admitted. Measures as those suggested by the late James Tobin to curtail the irrepressible flow of currency speculation – albeit it was not his idea to foster development – would perhaps be the only ones capable of generating enough funds, which in the hands of the UN agencies and not of awful institutions like the IMF, could supply direct development assistance with a democratic participation of all countries and without the need to sacrifice the independence and sovereignty of the peoples.

The Consensus draft, which the masters of the world are imposing on this conference, intends that we accept humiliating, conditioned and interfering alms.

Everything created since Bretton Woods until today should be reconsidered. A farsighted vision was then missing, thus, the privileges and interests of the most powerful prevailed. In the face of the deep present crisis, a still worse future is offered where the economic, social and ecologic tragedy of an increasingly ungovernable world would never be resolved and where the number of the poor and the starving would grow higher, as if a large part of humanity were doomed.

It is high time for statesmen and politicians to calmly reflect on this. The belief that a social and economic order that has proven to be unsustainable can be forcibly imposed is really senseless.

As I have said before, the ever more sophisticated weapons piling up in the arsenals of the wealthiest and the mightiest can kill the illiterate, the ill, the poor and the hungry but they cannot kill ignorance, illnesses, poverty or hunger.

It should definitely be said: “Farewell to arms.” Something must be done to save Humanity! A better world is possible!

Thank you!

**Clarification Note by
His Excellency Dr. Fidel Castro Ruz
President of the Republic of Cuba**

Mr. President, I would need twenty seconds for a point of clarification.

Excellencies, I ask for your indulgence since I will not be able to accompany you any longer. A special situation created by my participation in this Summit obligates me to immediately return to my country.

The leader of the Cuban delegation will then be comrade Ricardo Alarcon de Quesada, Speaker of the National Assembly of People’s Power, and a restless combatant in defense of the rights of the Third World peoples. I entrust him with the prerogatives corresponding to me as a Head of State attending this conference.

I hope he will not be prevented from attending any official function that is his right to participate in as the Leader of the Cuban delegation and the President of the Supreme body of power in the Cuban state.

Thank you, again.

Dominican Republic



President Hipólito Domínguez of the Dominican Republic.

Statement by
His Excellency Mr. Hipólito Mejía Domínguez
President of the Dominican Republic*
21 March 2002

I wish to express our thanks to the people and Government of Mexico, and to its president Mr. Vicente Fox for the very warm welcome extended to us and express our support in celebrating the birthday of Benito Juárez.

We express our congratulations also to the Secretary-General of the United Nations for enabling this event to take place despite enormous financial failures which everyday circulate around the world for the great majority of the developing countries. One of the most important sources of financing to improve the quality of the life of the poor remains international cooperation and, most especially, bilateral and multi-lateral banking. In that regard, the importance given to economic growth by international organizations was well founded.

* The text of this statement has been transcribed from audio recordings, as the original was not submitted to the Secretariat.

Therefore, I would like to share some ideas with you relating to my specialty as President of a small agricultural farming country and agricultural producer and as a former Minister of agriculture and now President of my Republic. I repeat then, I wish to reiterate the importance of financing for agriculture and world development as a strategic topic that needs to be among the new priorities to be placed on the agendas of the international organizations. We have had a very interesting experience in the first year of our government. We have succeeded in increasing agricultural production by 8.3%, translating into an increase in the growth of the national economy by 2.7%. Clearly, this gives us an experience worth sharing with you. In addition, our experience has meant that the reforms of our rural people who have faced poverty, as well as a series of problems also familiar to all of you, cannot be lopsided by international organizations as we look at world development as a highly important factor.

Something that is highly important, an explanation of the reasons why our people are leaving the land, has been translated into dramatic reduction in world financing that we experienced in recent decades – the decades of the 70's and 80's – of the World Bank and Inter-American Development Bank. They deducted approximately 22% of their portfolio of the Latin-American Caribbean loans and, in recent decades, this has declined significantly to 6.6%, and the present trend is for it to decline further.

This plummeting of agricultural financing clearly concurs with the statement made by the UN through the Food and Agricultural Organization (FAO) that combating the fight against poverty is not achieving positive results in the population. The Dominican Republic at this time, and I'm speaking as a spokesman here, is occupying the chairmanship of the ACP countries at the Summit that receives technical and financial assistance from the European Union.

The purpose of this conference provides an opportunity to express some ideas on behalf of the seventy-eight countries that constitute the ACP Group, which constitutes two-thirds of the members of the World Trade Organization and more than half of the members of the United Nations. In this dialogue for development we cannot lose sight of the fact that severe financial restrictions and strong distortions in the operation of markets constitute at times insurmountable obstacles to reaching competitiveness among our nations. Technical advancement and the consequent improvement of productivity are essential

pillars in promoting the competitiveness of the ACP countries. However, this process, like none other, requires support from the international financial system to renew and develop productive infrastructure made up of systems of irrigation, technological innovation, new technologies, credit, road construction and commercial infrastructure. International financing should contribute to introducing to countries with agricultural potential, as is the case of my country and the ACP countries, a new technology upon which competitiveness in the world today depends. The ACP countries are open to listening to recommendations from multilateral financing organizations in order to agree on modernization programmes for agricultural structures to make it more efficient and competitive.

We are seeing in the world today a new, intensive and knowledge-based form of agriculture. Agriculture adapts very well to the conditions of our countries, where population density is threatening to destroy natural resources and the environment. New agricultural technologies cannot only help to enhance the productivity of our economies, but also to make rational and efficient use of scarce resources. Greenhouse agriculture, genetic engineering and specific forms of irrigation enables the small farmer with some resources in varied environments by using highly productive methods to produce enough food for all. Advances in phytosanitary biological control systems and integrated management of plagues in the development of biotechnology are permitting the production of foods that are increasingly safe for human health. In the year 2015, 25 per cent of agriculturally-based products of developed countries will be organically grown. They, undoubtedly, will be the countries that are best equipped to do so.

Development of forestry in its various aspects – horticulture, dairy and meat production, organic farming, ecotourism, small rural business and crafts are excellent opportunities – on which a better future could be built for our ACP countries.

A transparent and just system of trade for the ACP countries without excessive protectionism and practice by large developing countries is an important condition for our development. We can avoid globalization becoming a phenomenon that deepens poverty and the difficulties of our peoples only with just agreements and the guarantee that the majority of our nations' populations will receive tangible benefits from this opening up. Globalization should be a two-way street. It should send clear and transparent signals. For the ACP countries the initiatives that seek to

alleviate the external debt and its conversion into programmes of economic development and support must be highly beneficial in their impact in order to diminish poverty.

I wish to reiterate what I have said in all international forums: It is urgent that we find solutions now for our neighbour and fraternal country of Haiti, which requires urgent assistance today.

El Salvador



President Francisco Pérez of El Salvador.

Statement by
His Excellency Mr. Francisco Guillermo Flores Pérez
President of the Republic of El Salvador*
21 March 2002

Since it seems to me that making generalizations is one of the things that has made it so difficult for us to understand poverty, I would like to talk about the only thing about which I really know – my country's own experience.

Crushed by 13 years of the worst conflict ever experienced by El Salvador in its entire history, with our basic infrastructure destroyed, our exports greatly reduced, our people leaving in great numbers for other places and most of our people living in untenable poverty, under those circumstances, El

* The text of this statement has been transcribed from audio recordings, as the original was not submitted to the Secretariat.

Salvador decided to survive and overcome. We built an inclusive political model so that we would have a functioning democracy. We decided to have an economic model of freedom, and, today, while we still face major challenges such as poverty and learn daily about how to improve our youthful democracy, we have nevertheless left despair and war behind. We look to the future with optimism.

Therefore, it seems to us that the first prerequisite for emerging from underdevelopment and tackling poverty is for a country to shoulder its own responsibilities. We were the ones who made mistakes that led to war and we are the ones who made the decision to achieve peace.

Thus, we believe that there are two myths that prevent us from tackling poverty. The first is that those that have developed believe that they have the magic formula to help a poor country emerge from poverty. The second myth is that poor countries blame the developed countries for poverty; they make them responsible for it. When our country believed those two myths, we were closed in on ourselves and were not able to resolve our problems alone. It was only once the Salvadoran people assumed full responsibility for the country and its future that it was able to begin to emerge.

The second prerequisite for tackling poverty is a legitimate leadership that is truly committed, in order for a community, region or country to be able to begin to find solutions. That is true of all human organizations. It is particularly true of any nation.

Leaders respond to the spontaneous processes under way. They are aware of what is needed to find the right direction. They are able to identify those individuals who are particularly able at that particular time of history. That is why we need this framework of freedom. We do not just need freedom. We have to make sure that freedom continues so that leaders can continue to shoulder their responsibility and maintain the right direction.

A system of freedom is much more than simply voting people into office. At the most brutal time of our war, twenty years ago, a high government official at that time decided that his neighbour's car should be his. So he sent three armed men to take his neighbour's car. The lady neighbour was rather outraged, but she knew that there was no institution in the country where her influence to receive justice was greater than that of a high official. So she went to the office of the high official and said to him, "You stole my car. I have called the press. They are right here

outside; so either give me the keys to my car or I will go out and denounce you to the press." The official gave her the keys to the car. This is why I say that the system of freedom is much more than a simple voting system.

Freedom of expression is essential. The communications media must be developed and strengthened in order to make sure that a system of freedom can actually exist and function.

The third prerequisite is a combination of security, stability and relative social harmony, which we call peace. I believe that, if twenty years ago the world had been able to distinguish between legitimate political demands and terrorism, the conflict would have been shorter. I also believe that if our judicial system had been working properly, we would not have had war in El Salvador. We can have peace only under the rule of law.

The fourth and final prerequisite of which I wish to speak is opportunity for the poor. Poverty is synonymous with isolation. An isolated community is a poor community. A country that does not have an opportunity to enjoy the fruits of its efforts in the world markets because of trade barriers or distortions created by subsidies is a country condemned to poverty. The only way to emerge from poverty is through work. Only when we are able to sell the fruits of our labour on an open market that is not suffering from distortions will we be able to break our isolation. That is why I believe that assuming our responsibilities, having legitimate leadership, living under the rule of law and having access to open markets are the prerequisites for development.

In my country international development has been essential to help the poorest people, reform our institutions and face serious crises such as the earthquakes last year. Certainly increasing the amounts available to the least developed countries would be extremely helpful. However, above and beyond the amount is the quality of financing. Only when donors are respectful and knowledgeable and when recipients have dignity, leadership and vision will we be able to retain the objectives of this Conference.

European Community



Mr. Romano Prodi, President of the European Commission.

Statement by
His Excellency Mr. Romano Prodi
President of the European Commission
22 March 2002

It is only just over six months since 11 September, when the whole world recoiled in horror at one of the worst attacks ever perpetrated against our civilization. We were quick to demonstrate our solidarity, our unity and our determination to fight terrorism. This fight must continue. And we must show the same determination today in tackling the other crucial issues which affect the future of the world.

We began these efforts in Doha last November, with our decision to launch an ambitious agenda for negotiations on opening up our markets and agreeing collective rules on a large number of issues related to trade and investment. We also decided in Doha to admit China to the World Trade Organization and to give the developing world a greater share in world economic decisions.

We will be meeting again soon for the World Food Summit and then later in the year in Johannesburg for the Summit on Sustainable Development.

These different conferences are obviously all linked. They all deal with different aspects of the same problem: How to control global interdependence collectively and to harness globalization; how to give hope to the world's poor; and how to preserve the resources of our planet.

The public at home are sceptical about globalization. They know that the free movement of goods, services, capital and people brings our economies the wealth without which it is impossible to satisfy their legitimate aspirations. At the same time they worry about ever-growing inequalities, the threats to our environment, the instability of the financial markets and the rise in organized crime. They look to us for constructive responses. It is our duty not to disappoint them.

For Europe, the year 2002 began with the successful introduction of our single currency, the euro. It will end, I hope, with the conclusion of negotiations for the accession of ten new Member States. We are at one and the same time deepening the Union and striving to reunify Europe on the basis of human rights, democracy and the rule of law. We will be extending our area of stability and prosperity to almost 80 million more European citizens.

We bring to Monterrey a message of peace – the peace we have established on our continent and the peace we are trying to promote around us, notably in the Mediterranean region and Africa. We also bring a message of solidarity – the solidarity we have forged between the countries of the European Union and the solidarity we have extended to the rest of Europe and to all the developing countries that receive aid from us.

Our markets are open, wide open, not least to the developing countries, from which we import goods worth more than €400 billion every year.

The EU recently took an unprecedented step through the initiative 'Everything-but-Arms', when we decided to open our markets, including our agricultural markets, unilaterally and totally, to imports from the poorest countries.

And we have decided to pursue the liberalization of trade, including trade in sensitive sectors like agriculture, as part of a balanced negotiation of the Doha agenda. We undertake to negotiate constructively to ensure that the success of the Doha Round gives a lasting boost to the world economy, confirms our commitment to multilateralism and benefits the developing world.

EU companies account for by far the largest share of investment in developing countries: nearly 70% of the world total in 2000. But we are willing, through multilateral and bilateral negotiation, to improve the conditions for accommodating and protecting this investment, thereby increasing it still further. We are also willing to provide assistance, as we are doing in Eastern Europe, to promote the economic reforms and regional integration that will enable our partners to attract even more investment.

We are conscious of the absolute moral imperative of combating the extreme poverty suffered by one fifth of humanity and we have fully endorsed the historic development goals written into the Millennium Declaration.

We know that in order to attain these objectives it is necessary both to improve the effectiveness and to substantially increase the volume of official development aid.

The European Union reaffirms its commitment to the target of 0.7% of GNP to be devoted to development aid, a target that several Member States have already attained and overtaken. For this Monterrey Conference the EU Member States have collectively set themselves the interim target of 0.39% by 2006. This is a formal commitment which will allow a substantial increase in the amounts allocated to relieving poverty. Aid from the EU and its Member States will increase by about €8 billion (approximately US \$7 billion) per year by 2006 from its current level of €27 billion, more than 50% of the world's ODA. Over the period 2003-2006, this progressive increase will enable us to devote about €22 billion more to the fight against poverty.

We are giving priority to health and education in the allocation of our aid and are making a substantial contribution to the Global Health Fund to fight AIDS and other contagious diseases.

Globalization requires cooperation, and solid and respected institutions to organize the many forms it takes. And in order to engage the true commitment and support of the world's people such cooperation needs to be based on shared principles and rules. At President Fox's invitation we shall shortly be looking at the various aspects of the collective action needed if we are to achieve our goals, in other words if we are to harness globalization more constructively, and I hope that this Conference will send out the right signal expected by world opinion.

I do not want to finish without a word about Africa, Europe's neighbour, that sometimes forgotten and war-torn continent. I would like to underline the importance of the message issued by a group

of brave and respected African leaders who launched the New Partnership for African Development. They deserve our unstinting support.

The events of recent months show that our world is at a crossroads. Two equally possible paths lie ahead: the spread of poverty and marginalization, war and environmental degradation; or advancing together towards a period of progress, peace and prosperity. Our future is a matter of political will and choice. Europe is opting for openness and solidarity. And I would call on our partners to work with us in a global partnership for peace and sustainable development.

Finland



President Tarja Halonen of Finland.

Statement by
Her Excellency Ms. Tarja Halonen
President of the Republic of Finland
21 March 2002

We agreed at the UN Millennium Summit that we would do everything in our power to free humankind – men, women and children – of misery and extreme poverty. We decided that by 2015 we would halve the proportion of people who have to survive on less than a dollar a day. It is now time for us to start putting this decision into effect.

A lot of things – both good and bad – have happened since the Millennium Summit. The terrorist attacks that shocked all of us made the world community give more serious thought to the state of our world. The Millennium Declaration's message about the importance of international cooperation, and building a shared world, is more topical than ever.

We share one world, and we all need each other. Every country bears the primary responsibility for its own economic and social development. However, many countries need outside support to be able to develop, and they must also get that help.

Growth in global development aid is crucial in achieving the Millennium Development Goals. Finland is committed to the 0.7-per cent target and, as a first step, we shall increase our aid to 0.4 per cent of GNP by 2007. We need imagination, fresh-mindedness and creativity to find new sources of financing to supplement official development assistance. One possibility might be the idea of a global lottery which is now being examined in Finland.

Official development assistance cannot be the only answer to the challenges of financing for development. More than four-fifths of the foreign capital that developing countries receive is private. At the moment, only few countries, which are seen to be the economically most promising, benefit from these capital flows. The task of development cooperation is to help especially the least-developed countries create the kinds of conditions that would make it possible for them to attract investment and financing also from private sources.

The task of the World Trade Organization is to liberalize trade, but also to provide a framework for fair trade. The special needs of developing countries, and especially of the least-developed ones, are taken into account in many ways in the WTO Treaty. This is a good basis to continue developing a fair trade system.

The importance of providing developing countries with technical assistance and of increasing capacity in the sector of trade and investment was emphasized in the Doha Declaration. Finland is further increasing its support for technical assistance programmes and urges the international community to quickly implement the measures agreed in the Doha Declaration.

No aid will suffice unless the developing countries are able to share in the benefits of globalization. Products and services originating in the developing countries must have the opportunity to gain fair access to markets in the industrial countries. In accor-

dance with the European Union's 'Everything-but-Arms' decision, products from the least-developed countries enjoy tariff-free access to the EU market. Finland hopes that other countries will follow the EU's example.

A country's most natural trade partner is often right next door. At the same time, as trade is liberalized globally, trade between developing countries should also be opened.

Economic growth cannot alone eliminate poverty. For that we also need democracy, a more equitable distribution of income and to create social security systems.

A central means of defeating poverty is education. Especially investment in education for girls and women promotes development and reduces poverty. Education helps people themselves to improve the conditions of their own and living standards of their communities.

Globalization has much potential for widening opportunities, raising prosperity and promoting development. Globalization can be a resource, an instrument for progress. Yet, alongside the increased prosperity there are widening gaps. These gaps exist both between and within countries.

Better cooperation and interaction between international organizations, international financial institutions, national actors and civil society is a prerequisite for managing globalization. The UN system has a central role in this work.

The International Labour Organization (ILO) has appointed a World Commission on the Social Dimension of Globalization, which I have the honour of co-chairing along with President Benjamin William Mkapa of Tanzania. The goal of the World Commission is to make proposals as to how as many individuals, peoples and countries as possible will be enabled to share in the benefits of globalization and how the number who suffer from its adverse effects can be minimized. The World Commission will not be able to do its work alone.

I am counting on all of you to give your help and support in this work.

France



President Jacques Chirac of France.

Statement by
His Excellency Mr. Jacques Chirac
President of the French Republic
22 March 2002

Only yesterday, the world order was frozen by the clash of blocs which posed a threat to peace and liberty. Now that this fault-line has been overcome, the world can at last set about accomplishing its common destiny.

Globalization has brought us a degree of economic dynamism without parallel in history, free trade with its immense promises, and swift advances in knowledge and technology.

And yet more than two billion people live in dire poverty. People are still dying of cholera, tuberculosis and malaria, for want of treatment. HIV/Aids is ravaging entire populations – a terrible human tragedy and an obstacle to development.

And yet the world is confronted with fanatical terrorism, the tentacular power of organized crime and drug trafficking. It is not immune to financial turbulence. And nations, fearing their identity is about to be steamrollered by rampant globalization, are sometimes inclined to seek refuge in nostalgia for times past.

The inexorable advance of economic globalization calls for the globalization of solidarity. What is at stake in Monterrey is not only the financing of development. It is also about harnessing the world's nations in search of an answer to the gnawing question of our times: namely, how to end a situation that is morally unacceptable politically dangerous, and economically absurd? How are we to put an end to a situation in which the accumulation of wealth will not suffice to lift the very poor out of poverty?

I want to see a new wind blowing in Monterrey, a wind of generosity and hope. The conference document represents only a first step, in my view, a first realization of the scale of the problem. We should be more ambitious. Already Europe has decided to step up its development aid effort, aiming for the objective of 0.7%. President Bush has announced America's plans to revitalize its aid. The developing countries have committed themselves to promoting economic growth through good governance and greater recourse to private initiative. A global partnership for development through solidarity is being established where everyone will be pulling their weight. Africa has shown the way with the adoption of the New Partnership for Africa's Development.

But we need to go further still.

To achieve the aims of the Millennium Summit, the World Bank estimates it will be necessary to double the amount currently spent on poverty eradication. It puts those needs at \$100 billion annually. That is undoubtedly a lot of money. But we need to place that in the context of the huge volume of international trade. It does not amount to very much when compared with the human, political and economic benefits our world would reap from eradicating poverty.

We must pursue every avenue in search of this objective. And those avenues exist, starting with an increase in official development aid. But that alone is not enough. We need to build on that. Via an additional allocation of special drawing rights. Via greater generosity in the application of debt cancellation decisions for the very poor countries and more ambitious treatment for the severely indebted middle-income countries. And it is natural to consider drawing on the wealth created by globalization in order to finance efforts to humanize and control it. We therefore need to ponder more deeply the possibilities of international taxation.

But the issues raised by this new partnership are broader still.

We want to bequeath a clean planet to our children. Even now we are using up nature's resources faster than it can replenish them. It would be irresponsible not to put an end to this dangerous trend.

Polluting emissions have triggered a process of climate warming that threatens the conditions of life itself for ourselves and for our children. The Kyoto Protocol is the only credible means to reduce them, and I call upon all countries to ratify it. The approach it embodies prefigures the new sharing of resources and responsibilities on which nations must now agree.

For we need to build on Monterrey through a partnership for sustainable development. The ecological revolution is comparable in scale to the industrial revolution. That is the challenge we must work together to overcome in Johannesburg, by inventing new modes of production and consumption. By creating a World Environment Organization.

Six months ago New York was disfigured by a hateful crime. America, with the support of the international community, struck back at the terrorists who threatened it. And the world came together in a coalition against terrorism, determined to act firmly, within the framework of the law.

What can be done against terrorism can surely be done against poverty, in the name of a more human, manageable globalization. Let us form a coalition to build together a universal civilization where there is a place for everyone, where everyone is respected, and where everyone has a chance.

France has never ceased to pursue the same dream, which is to make a global reality of its own ambitious motto: liberty, equality, fraternity. Inspired by that ideal and by the commitments of the Millennium Summit, France proposes that we work together over the coming decade to bring to fruition five projects. Five projects that testify to our resolve to make globalization serve mankind:

- Allocating 0.7% of the wealth of the industrialized countries to development of the poor countries,
- Agreement on new funding for their development,
- The creation of an Economic and Social Security Council, within which all can work together for the sustainable management of global public goods,

- Fulfillment of the Kyoto objectives and the establishment of a World Environment Organization,
- The conclusion of a Convention on cultural diversity, expressing our confidence in the capacity of humans to reconcile the unity of the world with its diversity.

We owe it to future generations.

Gabon



President El Hadj Omar Bongo of Gabon

Statement by
His Excellency El Hadj Omar Bongo
President of the Gabonese Republic*
21 March 2002

For a number of years now, meetings on the subject of development have been organized all over the world. We would like to congratulate the United Nations Secretary-General, who has been behind this initiative. We are pleased to see the very significant participation of the international community at these forums.

* The text of this statement has been transcribed from audio recordings, as the original was not submitted to the Secretariat

These meetings have gradually engendered a tremendous amount of hope and have led African countries to implement political, economic, financial and social reforms. We were assured that these reforms were absolute prerequisites; however, we have to note today, upon taking stock, that in spite of the very firm commitment of African countries towards these reforms, our meetings are nothing more than media events, with hardly any light at the tunnel for our countries, and without any prospects for our populations. This is because our own commitment has not been matched by that of our partners with the necessary firm will and unswerving commitment to support development and to combat poverty.

It is very difficult to imagine that Africa, home to 10 per cent of the planet's population, is involved in only 2 per cent of the world's trade. Why is it that since the 1960s, the commitment of official development assistance (ODA) at the level of 0.7 per cent of gross national product (GNP) has not been achieved?

Nevertheless, since we are meeting here to discuss the specific problems of financing for development with a view to reducing poverty, and together building a world based on justice and solidarity, let us face these real problems down. If one were to glance at our planet, one would very quickly see how impossible it is to build a democratic, fair, harmonious and peaceful world where there is poverty. There will be no democracy, no sustainable development, no true peace, unless there is an improvement in the human condition and quality of life of the great number of people of our world. If our target, therefore, is to halve poverty between now and the year 2015, let us equip ourselves with the specific means and tools to be able to reach this objective, and let us move from words to deeds.

As far as Gabon is concerned, we stick to our commitments. Democracy resides in Africa. Good governance is being seen in Africa now. We pay our debts. Regional integration is becoming organized. Moreover, The New Partnership for Africa's Development (NEPAD) is such that we have to select the issues on which to focus at this time in order to

make sure that our actions are credible. These issues, as participants in this Forum know, are numerous. To be specific, we could retain the following: first of all, we have mobilization of ODA; then we have the debt burden; next we have combating HIV/AIDS and malaria; and then access to markets. This cannot omit our very strong concerns relating to infrastructure, the production sectors and human resources.

Lastly, it is important to point out that we will never reach the objectives we have set for ourselves without the true harmonization of our policies – and by policies, I mean economic, industrial, social and cultural policies.

I would not wish to conclude without raising ethical concepts – the concept of a country – a medium-income country. Today countries such as mine – Gabon – find themselves excluded from any of the advantages from which other developing countries benefit. Gabon is penalized, and this reduces its capacity for investment; it is an obstacle to the efforts that we are making to combat poverty.

But Gabon and Africa cannot disappear; nor can they stay on the sidelines of the changes in the world for very long. It is up to each of us to ensure that such things will not happen. I am convinced that if the Monterrey Consensus, this mutual commitment, will be for everyone, then there will be great hope, and this will lead to a new era of cooperation for the peoples of the world.

Monterrey
Summit

Guatemala



President Alfonso Cabrera of Guatemala.
Photo: Luis Galan/ Terra Networks.

Statement by
His Excellency Mr. Alfonso Portillo Cabrera
President of the Republic of Guatemala*
22 March 2002

About 18 months ago, meeting in New York City, we adopted a set of objectives to reduce poverty, consolidate democracy and defend the natural heritage of humanity. We also assumed commitments for the accomplishment of those objectives within the framework of the Millennium Declaration. We went home with renewed enthusiasm, buoyed as we were by the conviction that we would be able to build a better world.

The road travelled since then has been, to say the least, a rough one. The abominable terrorist acts perpetrated in the United States on 11 September and their aftermath, the flare-up of the Middle East conflict and the recession experienced by the world economy are only some of the developments that were unforeseeable at that time, and no doubt amount to serious additional obstacles to the attainment of the goals we had set ourselves. The recession struck us particularly harshly.

* The text of this statement has been transcribed from audio recordings, as the original was not submitted to the Secretariat

We nevertheless do not falter in our enthusiasm or in our will to advance in the fulfillment of the commitments we have undertaken. This gathering in Monterrey offers us a new opportunity to renew those commitments and give them concrete content.

I would like to comment briefly on three vistas that this opportunity opens:

- In the first place, the poverty afflicting half of humanity is the great unfinished task of the twentieth century and accordingly the gravest challenge of the present century. Although it sounds like a cliché it is nevertheless true that poverty and social injustice are the breeding grounds that facilitate fanaticism in all its forms. This Conference provides us with the opportunity to place development in the centre of our international agenda, viewed on this occasion from the perspective of financing. It permits us to discuss the need for our domestic savings to finance productive investment and for our exports combined with open markets to become the springboard of our development.

We try to practice what we preach. As we explained during our recent meeting of the consultative group on Guatemala, we have made considerable domestic effort to raise the tax ratio and assign the funds thus mobilized towards development. We recently reached an agreement with the International Monetary Fund on a support programme, which we will formalize in a few weeks. We have also adopted labour policy and intellectual property reforms to improve this. We have not chosen the easy road. We have chosen the hard road. But it is the right one.

As previous speakers have indicated, we have worked to ensure that these legal, political and economic reforms domestically will make it possible for the country to become a part of the international market, obtain credit and compete. We have adopted measures in the field of intellectual property to improve our participation in the global economy as another way to have access to financing. We have adopted a strategy to eradicate poverty, and we are resolute in making public and private operations more transparent with the support of multilateral organizations.

We trust that the development round adopted in Doha will yield the results we all hope for. We also salute the possibility of initiating negotiations between Central America and the United States to remove barriers to the trade of our respective goods and services to move forward in Central American integration.

- Secondly, this conference allows us to progress towards an enhancement of the adequacy of the multilateral institutions that support international cooperation. We welcome the advances already made within the framework of the preparatory process for moving the United Nations closer to the Bretton Woods institutions as well as the regional financial organizations.

We hail the presence here of non-governmental organizations, the entrepreneurial sector and civil society in general. We also welcome the impressive capacity of the United Nations to attract high-level attendance, as reflected by the presence here of so many Heads of State or Government. This coalition of interests is moving in the right direction in its effort to rejuvenate the institutional framework that is at our service to promote development and cooperation. It involves greater coordination and greater participation.

- In the third and last place, I would like to refer to some pending matters. Various colleagues have already mentioned the frustrated expectations of many countries that were hoping for firmer commitments on the part of some donors in the field of official development assistance. However, we applaud the recent announcement of the United States and the European Union, which at least tends to reverse this trend. On the other hand, we are surprised at the absence in the Monterrey Consensus of a more comprehensive focus on how we are to finance global public goods as a complementary category to the needs of countries in connection with the promotion of their development. In this regard, we would have welcomed pledges to create a fund for financing education and a redoubled effort to finance the eradication of HIV/AIDS.

Notwithstanding all of the foregoing, we are satisfied. We see this gathering in Monterrey as the beginning of a historic process. We have built platform agreements and understandings that suggest that this process will be a promising. I trust that all of us will commit ourselves to this result.

Haiti



President Jean Bertrand Aristide of Haiti.

Statement by
His Excellency Mr. Jean Bertrand Aristide
President of the Republic of Haiti*
22 March 2002

I have the honour of addressing participants on behalf of the people of Haiti, who will be celebrating two hundred years of independence in two years; two hundred years of independence that should symbolize a historic transition towards sustainable development. We are rich in human, cultural and historic values, but the economic indicators place us among the 48 countries whose combined gross national product is the same as the assets of the three richest individuals in the world; yes, that world where one-fifth of the people still live in extreme poverty. The foreign debt burden causes suffering for many. There are 800 million hungry people; 850 million are illiterate; and their suffering is indeed ours because when one person suffers, everyone suffers.

Against that backdrop, the spirit of Monterrey can inspire us because we are talking here about financing for sustainable development at the national and worldwide levels. We find reflected here the decisions we made more than 10 years ago:

* The text of this statement has been transcribed from audio recordings, as the original was not submitted to the Secretariat

Investment in human capital, respect for human rights and fundamental freedoms, combating corruption, drug traffic and terrorism, making sensible use of public resources with ever greater transparency, participation and justice. To achieve sustainable development, we are fully resolved to keep the door of dialogue open always.

We have scheduled democratic elections for November 2002 or for the first half of 2003. This is part of our policy of being open and committed to peace and social cohesion. We would thank the seven Senators who have resigned and all the other Senators and representatives who have agreed to give up two years of their term. This is a patriotic gesture. We also thank the Caribbean Community and those foreign friends who, together with the Haitian people, have called for the lifting of economic sanctions against Haiti.

The closer we come to ending crisis, the more we want to thank all those friends in the international community who are helping us emerge from crisis. Just yesterday, here, President Hipólito Mejía Domínguez recalled how important and valuable this solidarity is. The harmonious relations between the Dominican Republic and Haiti demonstrate our resolve to promote peace, democracy and sustainable development throughout the island.

So we commit ourselves to promoting the market, preparing a framework favourable to partnership between the public and private sectors, investment and economic and human growth, pending the emergence of an equitable economic system open to everyone.

We are happy at this point to see in the shadow of Monterrey some rays of hope lighting our path to 2004. The Republic of Haiti will warmly welcome all those who plan to visit us upon the bicentennial of our independence.

Honduras



President Ricardo Joest of Honduras.

Statement by
His Excellency Mr. Ricardo Maduro Joest
President of the Republic of Honduras*
21 March 2002

Honduras supports the objectives and the commitments by donors at this Conference. The trend and the general direction are probably right. We hope to reach the goal of 0.7 per cent of the gross domestic product, as set forth in the Millennium Declaration. We also urge the donor countries to make additional commitments, as proposed by the United States with regard to World Bank operations for developing countries to increase grants, rather than concessional loans. We recognize that success in reducing poverty is possible only if there is assistance to development and access to markets; if there is assistance linked to appropriate domestic policies in our countries.

I should like to speak first about the changes needed to strengthen the confidence of our peoples in their leaders and institutions; in other words, in governance. In the past year in Honduras, all the political parties and society in general have reached agreements to establish a new Supreme Court that is independent of political and economic powers.

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We are strengthening the State and its functions. We want to have a Congress that is closer to the electorate and have depoliticized electoral commissions. There will no longer be immunity for public officials. These are some of the reforms that we have made.

Secondly, human development must be a priority. There must be efficient, sustainable and fair development in providing education and health services for our people. Our tax and fiscal system requires very careful management to ensure stability. However, we will keep funds for education, health and security intact. Our people realize that sustainability depends in part on significant and timely assistance from the international community, but it depends even more on firm and resolute participation by our citizens, organizations and civil society.

We recognize the tragic breakdown in some key actions by our Government because of the politicization of our public authorities and institutions. We are facing that problem. We are proceeding with depoliticization, efficiency and transparency in our public bodies. The only sustainable solution is participation by our citizens over the long term. We are demonstrating our approach. Markets must be open. We have started by opening up our markets to our neighbours in Central America. We are determined to resolve any differences we have on this.

We have met with the Presidents of Panama and Belize five times in the last month and a half, with a view to seeking greater regional integration, settling our differences and establishing a community in Central America based on solidarity so that we can present ourselves as a solid block to address the challenges we all face. I would just like to thank our regional neighbours for their firm commitment to our shared regional dream. Political and civil society in Honduras are working together today in bringing about change in our society. Honduras is now ready to play its part as a partner with others in development – with our regional brothers and sisters and at the world level – and we are all seeking to reduce poverty among our people.

Jordan



His Majesty King Abdullah Bin Al Hussein of Jordan.

Statement by
His Majesty Abdullah Bin Al Hussein
King of the Hashemite Kingdom of Jordan
21 March 2002

Your Excellency, Excellencies, Ladies and Gentlemen:
It is a privilege to be with you today. Let me thank and congratulate our hosts, Mexico, and all those who have worked so hard to bring this Conference to a success.

Our meeting is an important step in history's march towards truly universal, truly humanized development. We have set bold goals, eradicating poverty, promoting development, and sustaining economic growth. Our challenge is to meet these goals, and meet them soon. I believe we can succeed, if we grasp today's unique opportunities for change.

- First, is the unprecedented awareness of our mutual reliance, as people, and as nations. Today's global markets are driving home a powerful truth. Over the long term, growth for any requires growth for all. Failure of one country can send ripples of crisis around the world.

To act together, to defend our weakest, to raise our poorest, is a moral obligation and, more, it is recognition of our common, economic, and political fate. Truly, the 21st century is an era of shared interests, and mutual benefits. Therein lie our opportunity and our strength. A global burst of communications, technical knowledge, mobility, and economic exchange, is making it possible to work together as never before. We can, and must, organize for change, not only through country-to-country relationships, but also through vigorous multilateral and regional organizations. Indeed, soon in Amman, we will be articulating a common social, political and economic vision for 114 Non-Aligned countries.

- A second opportunity for constructive change is a new and global sense of urgency. For too long, deep pools of poverty, and desperation, have served as breeding grounds for conflict and division. Too many people, especially youth are alienated from all that makes our era so promising. They perceive an unbridgeable divide between Western haves and worldwide have-nots. In their despair, they are listening to the voices of hatred and violence, instead of freedom and hope.

On September 11, a worldwide alliance was finally roused. Its mission cannot simply, or even primarily, be military. Victory over terror will require economic, diplomatic, and development efforts. We must move quickly to remedy unfairness and heal despair. One essential step is a comprehensive lasting solution to the Arab-Israeli conflict. Now, more than ever, it is time to bring justice, peace and hope, to the people of Palestine and Israel. The parameters of the solution are there, so let us act now.

- A third resource is a growing database of effective development strategies. We know that the marketplace is a powerful engine for growth. Countries that participate in global commerce are boosting per capita income and opening new horizons for development. We know that sound domestic policies, good governance, and the rule of law, are key to economic growth. And we know, that international financial and technical cooperation is vital. Such cooperation, public and private, serves as a catalyst to launch education, health, and economic initiatives, and put developing countries, on the path to sustainable growth.

Yet, in 2000, developing countries received just 19 per cent of all foreign direct investment inflows, down from 41 per cent in 1994. And in 1999, total Development Assistance, represented a mere 0.2 per cent of the GNP of the developed countries, down from 0.33 per cent in 1990. In contrast, the Monterrey Consensus would reaffirm a target for increased direct assistance of 0.7 per cent of the GNP of the developed world. Let us put that figure in perspective. If you divide a year into days, 0.7 per cent equals about two-and-a-half days' production a year. Two-and-a-half days a year, to reach the billions of people who need access to education, jobs, and hope. Two-and-a-half days a year, to support strong, productive societies, free of crushing unsustainable debt, able to move forward with democratic and economic reform. Two-and-a-half days a year, to build stable trading and investment partners, partners who see that globalization can be inclusive and desirable.

We have the awareness. We have the urgency. We have the strategies. Now, we must leverage development through the energy of our peoples, and through global cooperation. Leveraging our interdependence is the vision of this conference, a vision that humanizes economic development through global partnership. It is a vision that will enable us to address fundamental imbalances, and meet the hopes and expectations of peoples around the globe.

Thousands of years ago, the ancient mathematician Archimedes, had something to say about the power of leveraging. "Show me where to stand," said Archimedes, "And I can lift the world." Today, we know where we must stand. We must stand together. And we will lift the world.

Marshall Islands



President Kessai Note of the Marshall Islands

Statement by
His Excellency Mr. Kessai H. Note
President of the Republic of the Marshall Islands
22 March 2002

I join my distinguished colleagues who spoke before me and thank the people and the Government of Mexico, the United Nations and the organizers of this meeting for the warm welcome and the hospitality accorded my delegation. I would also like to offer my commendation to you, Mr. President, for the important role you are playing in the efficient conduct of this important International Conference on Financing for Development here in this magnificent city of Monterrey.

Our global community is undergoing transition and transformation. The twin process of 'disintegration' and 'integration' are accelerating daily. On the one hand, the dominant patterns of production and consumption are causing environmental devastation, including global warming and sea-level rise, excessive pollution of the air, land and water, and the depletion of resources. This harm is done in the name of eco-

nomie growth, but while the growth greatly benefits some, it is inequitable as well as unsustainable and causes widespread poverty and misery to the vast majority of people.

Over the past decade, the Leaders of the World have gathered more frequently than ever before under the guidance of the United Nations, to debate issues so critical to the sustainable livelihoods of our people.

Since the Rio Conference 10 years ago, we have found that while the global debate on development has increased in momentum, uncovering fundamental mechanisms to bring the "good life" to the mass population of our planet that lives in abject poverty, we have discovered that the greatest obstacle confronting our exhaustive effort up to now, is lack of adequate financial resources needed to achieve our development goals. Today is a propitious opportunity to participate in this International Conference on Financing for Development as it is indeed a result of our willingness and desire to reaffirm our commitment to fight poverty and to achieve the development goals as agreed to under the Millennium Declaration.

The commitments to achieve the Official Development Assistance levels of 0.7% of Gross National Product from the developed countries still remain unsatisfactory. I join my other distinguished delegates and encourage the developed countries that have not reached their Official Development Assistance targets to make every effort to do so. In this regard, I acknowledge the US' Compact for development initiative as well as efforts currently undertaken by the European Union.

Agenda 21 adopted at Rio still remains largely at the conceptualization stages for implementation. So far, commitments arising out of the numerous world conferences addressing the fate of the poor and the "poorest of the poor" have been mainly rhetoric.

The Republic of the Marshall Islands is a nation that has survived mainly on external funding sources, for which we are thankful. However, I can assure the Conference that our need for 'financing for national development' has increased considerably than ever before. This is undoubtedly the common dilemma faced by the developing countries, and in particular the Small Island Developing States such as the Republic of the Marshall Islands. The substance of this Conference therefore, is to reaffirm our full and collective commitment to eradicate poverty in half by the year 2015.

The Rio Declaration is a pioneer in acknowledging the special needs of developing countries and has reiterated that those should be given special priorities. The subsequent convention of the UN General Conference on Small Island Developing States in Barbados in 1994 has been a catalyst in focusing international attention on our special needs. It is in this context that Agenda 21 was translated into fourteen specific policies, each representing a priority area relevant to addressing the unique challenges faced by the Small Island Developing States. The ensuing policies, captured in the Barbados Programme of Action, comprise actions to be implemented at both the regional as well as the international levels.

I join my colleagues from the Small Island Developing States to reinforce our common position manifested in the Alliance of Small Island States Singapore Declaration and call on the international community “to provide adequate financial resources, transfer of appropriate, environmentally sound technologies and assistance for capacity-building for such national and regional implementation.”

My delegation fully subscribes to the vision espoused in the Monterrey Consensus where its six key areas have been identified as pivotal benchmarks for the mobilization and deployment of financial resources for development. I strongly encourage the parties to the Monterrey Consensus to pay close attention to the special needs of the Small Island Developing States.

In closing, I call upon the developed countries to provide greater levels of development finance to our developing countries. In this regard, I reaffirm my commitment to pursue sound macroeconomic policies, good governance, upholding of the rule of law, protection of human rights and other actions conducive to achieve sustainable development.

Micronesia (Federated States of)



President Leo Falcam of Micronesia. Photo: Luis Galan/Terra Networks.

Statement by
His Excellency Mr. Leo Falcam
President of the Federated States of Micronesia
21 March 2002

At the outset, I would like to express my appreciation to the host country for the excellent courtesies and arrangements extended to me and my delegation since our arrival in this beautiful city.

I am honoured to have the opportunity to appear before you today to address an issue of utmost importance to my nation – financing for development. I commend the United Nations for arranging this historic conference, and thank you, Mr. President, for your efforts to bring this about.

Mr. President, before I proceed, please allow me to offer a bit of background on my nation for those who may be unfamiliar. The Federated States of Micronesia (FSM) is a small island developing country comprised of over 600 islands in the western Pacific. Our borders span an area roughly as large as the continental United States, yet our land mass is

comparable with that of the smallest U.S. state. Scattered throughout this vast expanse is our total population of about 107,000.

Our people have inhabited their islands for hundreds, perhaps thousands of years. We have traditionally made our living from the land, and most importantly, the sea. However, in the past hundred years, we have been thrust upon the world stage and have undergone an often painful transition to a modern economy. These growing pains continue today, and are even greater in the course of our quest to become more closely integrated with the global economy.

This transition has been difficult for many. We have been aided in our development by our unique ties to our former United Nations trust administrator, the United States. This arrangement is the result of the Compact of Free Association, a landmark agreement adopted by our two nations in 1986. Through the Compact, the FSM has enjoyed a defense umbrella provided by the United States. The Compact also has provided a guaranteed funding stream to assist with my country's development.

U.S. assistance, through the Compact, has allowed my nation to make great strides in its development efforts with a goal of enhancing the standard of living of our citizens and working toward economic self-reliance for the future.

Like many small island states, the FSM has few natural resources. Coupled with our small population base, distance from markets and other constraints, this limits the range of economic options at our disposal. Development, if it is to succeed, must therefore overcome seemingly insurmountable odds.

I would remind those present of the findings of the Global Conference on Sustainable Development of Small Islands Developing States, held in Barbados in 1994, and reiterated in a Special Session of the General Assembly in 1999. The Barbados Plan of Action, adopted by the first meeting, and reaffirmed by the second, highlights the special circumstances of small island developing states such as the FSM, and the challenges that these states face in the global economy. A narrow resource base, dependence on international trade and vulnerability to natural and human-induced disasters, transportation and com-

munications challenges – I need not repeat them all here, but suffice it to say that my country faces most, if not all, of the phenomena on that list.

These conditions also create many obstacles for us in the global economy. For example, we are handicapped as to lending, based on the assumption that our size and circumstances constrain our absorptive capacity. The FSM's copra industry, historically our only significant land-based source of export income, has nearly collapsed due to our inability to compete effectively with larger producers.

With this background in mind, please allow me to offer my brief remarks on some of the key issue areas before us today:

The experience of the Federated States of Micronesia has shown that unless there is political stability, transparency and accountability, economic development initiatives are bound to fail. We are proud of our system, and can point to its role in facilitating the significant progress made in development during the last fifteen years.

Too often, I'm afraid, we focus on failures and overlook the significant progress that can be made when the proper climate for development exists. As we all know, there is not a nation on earth that has not faced internal difficulties on the path toward sustainable development. Of course, every effort should be made to eliminate these problems, but we must not let their existence deter those from furthering progress where initiatives find fertile ground.

It is true that domestic sources of development financing are essential to further the goals of a nation. However, in most developing countries, domestic sources alone are not adequate to carry the nation forward. This is particularly true of small islands where resource bases are small, and where elements such as public administration and infrastructure costs consume a large portion of these meager domestic resources.

We are deeply committed to integration of the FSM in the global economy. However, we must recognize that such integration does run the risk of carrying with it unintended social impacts that are particularly troubling for a traditionally isolated, unique culture such as that of Micronesia. Every day my government seeks to walk this fine line between reaping the benefits of integration with the global economy while preserving our local culture and way of life.

As the Barbados Plan of Action stated, "Small island developing states are limited in size, have vulnerable economies and are dependent both upon narrow resource bases and on international trade, without the means of influencing the terms of that

trade.” The next round must give due attention to the comparative disadvantages we in small island developing economies face in the global marketplace. The results of the Barbados Conference, and its follow-up with the Special Session of the United Nation General Assembly (UNGA), will be on the table for the first time for future rounds of trade negotiations, and should be accorded the weight they deserve.

We hope that this conference will positively influence the next round of global trade negotiations. The world economy is fundamentally different today than it was when the Uruguay round commenced, and new issues have risen to the fore. The work we do here in Monterrey should be instrumental in shaping the elements to be considered by this next round.

I lend my voice to that of the distinguished Chairman of the G-77 and China in the course of his statement earlier, and would concur with the wise words of the Chairman of the Preparatory Committee when he stated, “We simply cannot allow the decline of official development assistance (ODA) to continue.” Indeed, this decline is one of the most alarming trends in international relations in the post-cold war era. It must be stopped. At a time when many around the world are enjoying unprecedented prosperity, for those who are prospering the most to turn their attention away from the world’s poorest nations and peoples, strikes me as shortsighted and dangerous. The gap between the ‘haves’ and ‘have-nots,’ not just in terms of financial resources, but also technical expertise, continues to grow at an alarming rate.

Years ago, our predecessors established the modest target of 0.7% of gross national product (GNP) for official development assistance (ODA). With a few notable and welcome exceptions, most developed nations remain far short of this goal, and many are slipping even further away from it. We commend the European Union for the constructive steps they are taking to reach this goal and reiterate our appreciation to those nations which have already succeeded in meeting this goal.

A similarly alarming trend is the view that foreign direct investment can serve as a substitute for ODA. My country’s experience shows the invalidity of this premise. In recent years, the Federated States of Micronesia has been engaged in a process of implementing a sweeping economic reform programme,

developed with the assistance of multilateral lending institutions and development agencies. Still, due to the factors I have mentioned previously, we have not been successful in attracting foreign direct investment. In light of this we will have to continue seeking ODA to address the unique circumstances faced by small island economies.

Finally, it is important to recognize that funding provided for implementation of international environmental conventions should be considered separately from ODA. A central component of long-term assistance to developing countries must be relief from the pressing burden of debt many nations face. I’m pleased to say that, largely as a result of our unique arrangement with the United States, the Federated States of Micronesia does not suffer from the crippling debt burden that many of our neighbors face. Still, this does not lessen our sensitivity to the issue, and we will work constructively here and in other forums to ensure a fair and equitable resolution of the developing country debt problem.

Both donors and recipients must change their approach to development assistance loans. Developing countries must ensure that borrowing is done in the context of a sustainable development plan, and donors should strive to ensure that development assistance does not lead to an untenable debt burden. In this regard, assistance should increasingly take the form of direct grants especially in the case of least developed countries (LDCs), small island developing states, and other vulnerable economies.

We lend our voice to those calling for a meaningful reform of existing international finance and development institutions to ensure that recipient countries have a greater stake in the development and implementation of measures undertaken by these institutions. This is very much a common sense issue. At the micro level, it is widely held that all stakeholders must have a voice.

Therefore, it is inconceivable how this could not be in terms of international policies. Coming from a small island developing state, too often we find that we are not adequately represented in global economic discussions that will impact our daily lives, and that we are often not considered for loans and projects due to our small economy. This clearly should not continue.

Speaking of reforming economic institutions, I would like to highlight four elements that are equally important which I believe should be used as a

basis to affect decisions and/or plans when it comes to implementation of this very important Monterrey conference:

- First, ensure macroeconomic stability.

Financing for development should build the necessary conditions in developing countries including small island economies to become less vulnerable to shocks.

- Second, improve economic growth.

Financing for development should ensure economic growth reaches the poor so they become increasingly productive participants in society.

- Third, improve the efficiency of basic social services. Financing for development should ensure that mobilized resources are sufficient and targeted to advance education and health which play such a vital role in alleviating poverty and accelerating broad-based growth.

- Finally, economic growth should be environmentally sustainable. As nations achieve higher growth and greater reliance on their own resources, the fragile environment and invaluable biodiversity will surely face greater threats. Thus, a sensible, gradual path toward sustainable development will promote better planning, resource utilization, and environmentally sustainable growth patterns. Financing for development should integrate this important element as a necessary condition.

In our view, the most important task before us in this regard is to change the mindset of these organizations and agencies. Different circumstances require different approaches, as we are all too well aware in Micronesia. Obviously, models originally designed for projects in the mountains of South America or the deserts of Central Asia will not be most effective when applied to the FSM. Still, we too often see these approaches in the current international development climate. For programmes to be effective, they must be designed with input from the recipient, and institutionally these agencies must take a flexible, responsive approach rather than one that is simply bureaucratic.

It is notable that the year 2002 features two high-level, high-profile summits on issues of development. We must ensure that the results of this conference are adequately incorporated in the preparation for the World Summit on Sustainable Development and that the key themes we address here be further examined and developed in Johannesburg.

Beyond that, we must ensure that a permanent mechanism exists for continued work on the issues before us here today. Clearly, the lofty words and noble ambitions we bring with us to Monterrey are not going to solve these problems overnight. Much work remains, and in that work we should be guided by our findings here as well as those expressed in the historic 'Millennium Declaration' and other international initiatives.

For my country's part, we will continue to strengthen our domestic institutions and economic development processes. As I have stated many times before, we face a looming threat from accelerated climate change, which carries with it the threat of massive changes in our nation's productive capacity. In the course of our future planning, we will endeavour to consider and plan for potential shocks due to our environmental and economic vulnerability. Guiding our efforts will be the underlying goal of achieving a level of sustainable economic growth and reducing poverty.

Let us work together for an effective solution to the wide range of pressing issues before us, and strive to achieve our goal of making the twenty-first century the 'century of development for all', as expressed by Secretary-General Annan. In so doing, let us not neglect the special circumstances of the smallest and most vulnerable members of the world economic family – entities such as the Federated States of Micronesia and other small island nations.

Moldova



Prime Minister Vasile Tarlev of Moldova. Photo: Luis Galan/Terra Networks

Statement by
His Excellency Mr. Vasile Tarlev
Prime Minister of the Republic of Moldova*
21 March 2002

First of all, may I thank the leaders of this wonderful country and President Fox for their hospitality and excellent organization of this Conference. I would also like to take this opportunity to thank the Secretary-General for his special contribution to the preparation and successful holding of this Conference.

This forum is a unique opportunity for discussing issues of sustainable development in the twenty-first century at the highest level. To this end, we have a clear point of reference: The mission statement of the Millennium Summit. We all agreed that to solve this task we need considerable financial resources.

On this basis, we would like to stress that the initiatives supported by the United States administration and the member States of the European Union at the Barcelona meeting to increase the volume of financial development assistance have had a favourable impact on debates at the Conference.

* The text of this statement has been transcribed from audio recordings, as the original was not submitted to the Secretariat

The Republic of Moldova is endeavouring to overcome the inevitable difficulties of the transition period. In 2001 for the first time after a prolonged decline there was certain economic growth. At this time, we are taking every measure necessary to further recent positive progress on basic macroeconomic and social indicators. We are endeavouring to maintain growth through reliable policies that inspire trust on the basis of market economy principles and support for private initiatives.

Despite these positive moves, however, problems such as accumulated debt are a basic hindrance to implementing the programme of combating poverty and further social, economic and structural reforms. May I cite just one example? At this time, the burden of national debt servicing amounts to more than 150 per cent of the gross domestic product, whereas debt repayment this year makes up 75 per cent of the overall budget income. You will agree that under the circumstances, it is very difficult to develop an effective tax policy and mobilize domestic resources essential to cover social costs and meet the needs of the low-income population.

Thus, we believe it is especially important, after the adoption of the Monterrey Consensus, to step up the process of alleviating the debt burden for developing countries and countries in transition. We fully support the draft Monterrey Consensus, as the issue of financing sustainable development is of critical importance for economic growth and the elimination of abject poverty.

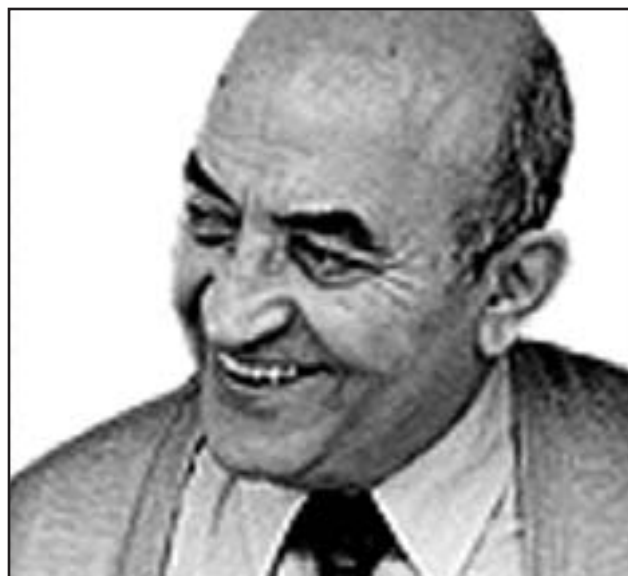
The draft final document properly points out that the basic responsibilities to create adequate conditions to receive and reasonably use financial aid is to be borne by national Governments. We would like to express our hope in this connection that donors, in assessing the activity of national Governments in this field, should have a deeper understanding of the specifics and many social problems that we encounter in our democratic, but as yet fragile State.

In certain cases, we should no longer tie financial aid decisions to the status of our current relations with the Bretton Woods institutions. This is particularly the case given that the latter are being reviewed in light of earlier experience and the search for new methods for the purpose of more effective cooperation with recipient countries.

We are also following with hope the debate on the increase in grant aid from credit lines under the auspices of the Bretton Woods institutions. Along with other delegations, we believe that grants should be aimed at the elimination of natural disasters, combating terrorism and separatism and settling regional conflicts. In addition, we believe that they should also be designed to improve the legislative basis for economic reforms and combating AIDS and other infectious diseases. We support the need for transparency and comprehensive monitoring of the use of such funds.

For its part, the Republic of Moldova will continue rationally and effectively to use its own resources and donor aid to stimulate the development of the private sector of the economy, implement reforms and improve the investment climate. We express our readiness to integrate ourselves further in the international community and comply with the multilateral and bilateral obligations we have assumed.

Morocco



Prime Minister Abderrahman Youssoufi of Morocco.

Photo courtesy Permanent Mission of Morocco to the United Nations

Statement by
His Excellency Mr. Abderrahman Youssoufi
Prime Minister of the Kingdom of Morocco*
21 March 2002

I have the honour to read out a message from His Majesty Mohammed VI, King of Morocco, to this Conference.

First of all, I would like to pay tribute to Mexico, a country that is a friend of ours, for hosting this important Conference to take up the major challenges facing the developing countries. We are not meeting here to consider the causes and manifestations of underdevelopment from which many developing countries suffer. We are not here to examine the huge disparities and imbalances that have led to a situation in which our world is made up of small islands of wealth and prosperity and vast oceans of poverty, illiteracy, devastating epidemics and shocking inadequacies in various areas of human development.

We are all familiar with this harsh reality. It has been described very well and often in the past. We have to seek ways and means of obtaining the

* The text of this statement has been transcribed from audio recordings, as the original was not submitted to the Secretariat

resources needed to achieve sustainable development. Here, I would highlight financing for development. Various international conferences have addressed the issue. Many international recommendations have been made. But the matter has not yet been satisfactorily dealt with.

The backdrop to this Conference is an unavoidable structural evolution towards complete globalization that is sweeping through markets and trade. It is also characterized by violent upheavals. Indeed, the tragedy of 11 September 2001 was one of the worst demonstrations of that. This backdrop gives the item on the agenda of this Conference particular strategic significance. It means that we must all be firmly resolved to ensure that we talk up the issue of financing for development as the most effective way of combating exclusion, despair and extreme poverty, which are the greatest threat to security and peace in the world.

Our late father, His Majesty Hassan II, spoke in 1994 at the General Agreement on Tariffs and Trade (GATT) conference in Marrakesh. He stressed the need to have good governance of public affairs. He urged that we take a multilateral approach, strengthening the harmony between national policies and economic, financial and trade matters, with greater coordination of the activities of the Bretton Woods institutions and the World Trade Organization.

Today, I am very happy to see that his appeal was heeded and that our Conference is bringing together various multilateral institutions to discuss international economic relations. So we must seize this opportunity to develop a clearly defined strategic vision, backed up by collective resolve, to create a solid plan of action for the developing world. We must be pragmatic and realistic in what we say and do. But we must also be ambitious and proactive.

It is our hope that this Conference will take historic decisions to bring developing countries more and more into globalization processes and enable them to participate fairly and responsibly in decision-making on matters of concern to the entire human race within the context of a new concept of international, financial and monetary operations.

Public support for development is of huge importance here. Morocco calls on the international community to muster their efforts to increase the amount of official development assistance as quickly as possible to reach the Goals set at the Millennium Summit, and, more specifically, to reduce poverty by half by 2015.

We must seek lasting efficient solutions to the external indebtedness of developing countries. I would also make the point that trade liberalization

must be done fairly and equitably so that developing countries can benefit from this liberalization to the maximum. This will lead to major resources being made available to them for economic and social development.

The development agenda that emerged from the Doha conference brings hope to all developing countries, for it augured the emergence of a new multilateral order for world trade. All countries, whatever their level of development, will certainly benefit from that. This prospect must now become a reality. Geographical and sectoral diversity and foreign direct investment, with incentives at the national and international levels, is another goal that we must work towards. We must work hard for this so that we can lessen the different development levels in the world.

Africa is facing major difficulties. It deserves priority attention. For 33 African countries are among the least developed countries of the world. Africa is still suffering from several conflicts and heightened tensions, and our peoples are exposed to many devastating calamities and terrible tragedies. To face up to such disturbing situations, the countries of Africa, to varying degrees, have taken bold steps in order to ensure good governance, build the rule of law and further liberalize their economies.

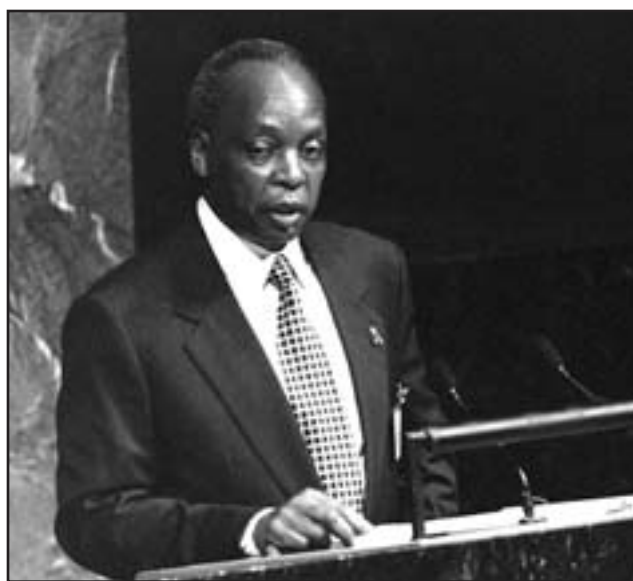
Africa has adopted a coherent and effective plan of development within the context of the New Partnership for Africa's Development (NEPAD). This initiative reflects our countries' resolve to control our own development at the national, regional and continent-wide levels.

The Kingdom of Morocco is strengthening its bilateral relations with its neighbours and working ceaselessly to achieve regional integration in Africa, particularly through the Union of the Arab Maghreb and the free-trade agreement between Morocco and West African Economic and Monetary Union.

I would like to take this opportunity to present once again my country's proposal for a high-level standing body responsible for implementing the decisions taken by the international community to help Africa.

This Conference is an opportunity for all of us to usher in a new era of multilateral diplomacy, which, as I have said, will bring universal citizenship. We trust that this will in fact happen as soon as possible, and we hope that we will quickly have a follow-up conference to ensure that the efforts made at the national and international levels lead to actual commitments that will be complied with so that the additional steps needed can be taken to combat all forms of exclusion and marginalization.

Mozambique



Prime Minister Pascoal Mocumbi of Mozambique. Photo: UN/DPI

Statement by
His Excellency Dr. Pascoal Manuel Mocumbi
Prime Minister of the Republic of Mozambique
21 March 2002

I wish to join the preceding speakers in congratulating Your Excellency, Mr. President Fox, the people of Mexico and of Monterrey city, in particular, for hosting this important event.

On behalf of the President of the Republic of Mozambique, His Excellency Joaquim Alberto Chissano, I would like to express our sincere thanks for the invitation extended to us to participate in this conference. Allow me to seize this occasion to express my satisfaction for the selection of Mexico to host the WTO Ministerial Conference in 2003. We therefore welcome the decision by WTO member states to double the target for a new global Trust Fund with a view to boosting technical assistance and helping developing countries to increase their participation in the multilateral trading system in the light of the Doha Development agenda.

This conference constitutes a new and unique opportunity to develop a new paradigm for international cooperation. A paradigm that allows a just sharing of the benefits of globalization to all

nations and remove the poor nations from their present marginal role into active players in the process. For the first time, Heads of State and Government, the United Nations System, International financial and monetary institutions, WTO, business sector and civil society jointly and with a common objective, approach such an important and crucial issue as Financing for Development.

We came to Monterrey to reaffirm the need for a comprehensive approach to the issue of Financing for Development, an approach which must include a genuine partnership among all stakeholders involved in the development process. A partnership based on solidarity and mutual trust among all parties. A partnership founded on reciprocal benefits.

We all have to contribute to make the right to development a reality for all and set humanity free from the scourge of famine, diseases, and ultimately poverty. In this way we will be contributing to a lasting international peace, stability and security.

When we adopted by consensus the Millennium Declaration, we set specific development targets namely to reduce by half the percentage of people living under absolute poverty by the year 2015; allow children – girls and boys – all over the world to have equal access to education; to reduce maternal mortality by three quarters and child mortality, under the age of five, by two thirds; revert the present trend of HIV/AIDS, malaria and other endemic diseases; we have to admit that we need to act now. We need to take concrete action that translates our political commitments into deeds.

Over the past two decades or so the international community launched a series of initiatives aimed at narrowing the gap between the rich and the poor. Most of these commitments remained to be implemented. In recent years we adopted the Plan of Action for the LDCs, the Doha Development Agenda and the Cotonou Agreement, which are commendable endeavours that still need fine-tuning to make them work for the poor.

Access to markets is one of those aspects that need to be fine-tuned. In a situation where developed countries' subsidies to agriculture amount to 350 billion US dollars per year, how can LDCs' agricultural products compete in the international market?

The external debt crisis, particularly in the Highly Indebted Poor Countries has led us to the conclusion that this issue requires additional efforts, including the speeding up of the implementation mechanisms. We welcome the efforts by developed countries, in particular by the G8, to enhance the HIPC initiative; notwithstanding, we call for such initiatives to be more extensive and comprehensive, without rigid and fatal conditions.

We also welcome initiatives to provide additional support to countries exposed to natural disasters. In the case of Mozambique, the impact of natural disasters has worsened the vulnerability of the country and negatively affected the results of the economic reforms undertaken by the government. To revert to the negative and unsustainable situation in which the majority of the world population lives, particularly in Africa, it is imperative to reform the international economic environment and allow the inflow to developing countries of additional untied financial resources.

We reiterate our call on the developed countries to honour their commitment to allocate 0.7% of their GNP to ODA of which between 0.15-0.20% to the Least Developed Countries. We commend those countries that have achieved even exceeded these targets and urge those who have committed themselves to achieve the objectives. Failing to achieve these targets will undoubtedly lead us to greater tragedies.

We believe that the responsibility for economic and social development lies primarily on each country. The promotion of good governance, sound economic policies, the rule of law, the respect for human rights, transparency in the decision making process and the priority assigned to combating poverty are fundamental principles for the success of any national development plan or programme. However, good governance at the national, regional and international levels must be pursued in an equally reinforcing manner so as to sustain dialogue, transparency, equality and equity – essential factors for economic growth, poverty eradication and sustainable development.

It is our conviction that the effective interaction of all sources of finance, namely the mobilization of domestic resources, ODA, international trade flows for direct investment and debt relief are critical elements for achieving coherence in financing for development.

Ownership of the economic and social development process and mobilization of resources are critical elements that need to be complemented by more flexible mechanisms of channelling financial resources. Yet, as our experience has shown, one US Dollar of unconditioned aid has more value than two or more dollars of conditioned aid.

Mr. President, in Mozambique, 70% of the population lives below the absolute poverty line. Therefore, the Government adopted a Poverty Reduction Strategic Plan (PRSP) for the Period 2001-2005, aiming at reducing absolute poverty indicators by 10%. This Plan is founded on the basic principle of ensuring peace, stability and development. It defines actions in the following priority areas:

- Education and health,
- Basic infrastructure,
- Agriculture and rural development,
- The reform, of the legal and judicial systems, and
- The need to keep macroeconomic stability.

HIV/AIDS is a major challenge for economic and social development of Mozambique. Cognizant of this fact, the Government adopted a National Strategic Plan directed to prevention and reduction of HIV/AIDS negative impact in the society. This Plan places the human being at the centre of action, in particular the most vulnerable groups of the society, including women, orphan children, youths, and girls.

At the continental level, the New Partnership for African Development (NEPAD) creates an adequate framework to lead the continent out of the poverty cycle, laying the foundations for a true sustainable development. Based on national and regional priorities, as well as in the making of development plans through a participatory process NEPAD intends to establish a renewed agenda for the development of the African continent.

At the subregional level, Mozambique is part of the Indicative Strategic Plan for Regional Development designed by the Southern Africa Development Community (SADC) aiming at enhancing Southern Africa's development in the next decade.

Allow me to conclude by indicating that it is incumbent upon all of us to recognize the undeniable fact that the peoples around the world, in particular in the developing countries, look forward with great expectations to the deliberations of this conference. The Monterrey Consensus before us provides an excellent framework for launching concerted efforts in the field of financing for development. The key to success in this endeavour is the adoption of effective implementation and follow-up measures within the appropriate mechanisms. This requires a strong and determined political will.

We must not let this consensus become another dead letter. We must live up to commitments we are talking today in order to meet our peoples' hopes and aspirations.

Nicaragua



President Enrique Bolaños Geyer of Nicaragua.

Statement by
His Excellency Mr. Enrique Bolaños Geyer
President of the Republic of Nicaragua*
21 March 2002

We have come here to make history and we are doing so under difficult circumstances. As a country that receives cooperation, I have come here in hope, and I want to try to make the developed countries aware of the hopes aroused by this Conference on Financing for Development.

Poor countries need cooperation, as do the developed countries. They also need to increase their national security. A horrible, despicable act was committed on 11 September, and I pay tribute to the memory of the victims.

When we leave this Conference, we will all be winners or losers. Nicaragua has been a model of international solidarity, but that has not been enough. After 10 years of structural adjustment in my country, the results are barely visible. Our people simply cannot stand the pressure any longer. We urge greater cooperation and greater increases in available funding on the basis of the Monterrey Consensus.

* The text of this statement has been transcribed from audio recordings, as the original was not submitted to the Secretariat

It is essential that Nicaragua finally reach the point where the Heavily Indebted Poor Countries Initiative is implemented. Our resources must be supplemented in order for us to meet adjustment policies. Then there is the debt problem. What we are getting is too little too late. In addition to cooperation, we need opportunities. We need the chance to sell what we produce on international markets. We have to be able to attract investment. We need a reduction in subsidies, which distort trade.

Democracy is not just the right to vote. It also means giving dignity to those who need it the most. Our people cannot live eating democracy.

In Nicaragua we are working for moral renewal. We have undertaken a campaign to combat public and private corruption. To that end, I have called on civil society vis-à-vis a pluralist national council on social, political and economic issues. A few minutes ago I was told that a Nicaraguan judge had just handed down sentences against three former officials of the previous Government and against three other persons on acts that impoverish our people. The judge has left the case against former President Aleman and eight more officials of the former Government pending. In order to continue with my 'zero tolerance' policy towards corruption, I must return as soon as possible to my country to contribute to justice and transparency in this historical milestone that courageous decision represents.

Public opinion polls have shown the need for greater institutionalization of our electoral system. Our tax system also requires further improvement. I want to suggest that a new agreement be undertaken to establish the rule of law, transparency, combat corruption, terrorism, drug trafficking and money laundering. I expect to have solidarity and resources from participants so that together we can defeat poverty and create a world in which we can all live in dignity.

Nicaragua also urges the inclusion of the countries such as Republic of China on Taiwan** that want to be recognized by international organizations and the United Nations system. We welcome the fact that Switzerland has joined the United Nations.

This statement is my modest contribution to this great Conference that seeks to eradicate poverty from the world.

**The statement has been reproduced as received. The designations employed do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations concerning the legal status of any country, territory or area, or of its authorities

Nigeria



President Olusegun Obasanjo of Nigeria.

Statement by
His Excellency Mr. Olusegun Obasanjo
President of the Federal Republic of Nigeria
21 March 2002

On behalf of the Nigerian delegation, let me express appreciation to President Vicente Fox and the people of Mexico for their very warm reception and generous hospitality extended to us since our arrival.

After decades of debate, the UN Secretary-General has every reason to be pleased and proud that, at last, the Conference on Financing for Development is not only taking place, but also being held during his tenure. I commend the UN Secretary-General and the Coordinating Secretariat for their efforts in the preparatory process. Also, I note with appreciation the participation of the Bretton Woods institutions, the World Trade Organization, the civil society organizations and the private business sector, among the multi-stakeholders who have been part of the process leading to this landmark gathering.

At the United Nations Millennium Summit in September 2000, the leaders of all member countries of the United Nations, including myself, agreed on a set of ambitious international development targets, which were designed to help create a better

world and to halve the scourge of poverty by the year 2015. Attaining these targets of 2000 requires an enormous amount of resources, both by governments in developing countries and by the international donor community. Almost two years after the Millennium Development Goals were adopted, we detect no progress and must express our profound concern at recent studies by the World Bank which suggest that Africa in particular is unlikely to come even close to realizing those goals if present trends continue.

For almost 35 years the international community had agreed to the principle that industrialized countries should devote 0.7 per cent of their GNP for official development assistance (ODA). While we commend the very few countries that reached this target, the record for the majority shows decline. Today we register a deplorable 0.25 per cent of GNP from the industrialized world earmarked for development purposes, with a rather inequitable distribution among countries and regions. This shockingly low performance makes the realization of the Millennium Goals impossible. At the same time we are again witnessing a significant diversion of funds from development purposes, especially for Africa, to the financing of programmes in other parts of the world in a similar pattern as at the beginning of the 1990's following the fall of the Berlin Wall.

The dismal failure of ODA is compounded by the recent sharp drop in foreign direct investment (FDI), which for some years in the 1990s was adduced as the new mechanism to bring resources and prosperity to the developing world.

What then can we do? Where do we go from here? Is there hope for an improvement of this unacceptable situation? To answer these questions, we must begin by committing ourselves to an honest reckoning.

In a globalized world the fate of the majority of humankind cannot be isolated or ignored. Ultimately, the survival and security of nations will be determined through action or inaction, effectiveness or ineffectiveness, enlightened self-interest or cold-hearted pursuit of short-term, narrow interests. Let us make no mistake: if the lessons of the past six months, since September 11, are to be heeded, it is that security is indivisible. Lack of security anywhere translates directly into lack of security everywhere! Conversely, security for one enhances security for all our countries and charting a way out of conflict, poverty, poor governance and marginalization.

NEPAD is an African-bred and African-inspired exercise, which could benefit from a variety of partnerships with actors from the North. Yet, we must guard that NEPAD is not being turned against us as a tool for new conditionality. If partners want to come on board they are welcome now, as before, but contribution must not only be limited to words and good advice. If we cannot find sufficient partnerships and new resources to bolster and assist NEPAD, permit me to wonder why we gather for meetings such as these? On the other hand, NEPAD is being drawn up in such a way that, with or without adequate contributions from our development partners, it can be implemented to a significant extent, based on our own visions and our own programmes.

Let us set aside the crafted language of the Monterrey Document and state in clear and simple terms what the developing world expects from this gathering. Among others, we expect:

- One, re-dedication to the Millennium Declaration and joint pursuit of the Millennium Development Goals.
- Two, debt relief at a substantial level for all developing countries, not only limited to the HIPC process.
- Three, significantly improved market access and removal of distortions, especially in agriculture, through WTO negotiations, which should not be vitiated by unilateral legislation.
- Four, reversal of the present decreasing trend in ODA flows – and, in particular, a significant increase in ODA for Africa and the least developed countries.
- Five, effectiveness in the allocation of aid by the donors and the utilization by the recipients.

I believe we can achieve more than the scope of the draft Monterrey Consensus. We are capable, and we must express and codify our collective determination and readiness to provide a critical mass of development assistance. If we must acknowledge – as we do – that the long-standing international target of 0.7% of GNP for ODA is unattainable at the present time, let us then agree here on a realistic target for the next few years, which corresponds with our collective sense of urgency, responsibility and atonement for past failures. The Monterrey Compact could thus have three pillars:

- On the part of the developing countries: There would be an undertaking to promote good governance and accountability – which in any case is in our own best interest – in order to ensure an enabling environment for economic and social development that would reduce poverty and stimulate investment;
- On the part of industrialized countries: There should be commitment, individually and collectively, to a gradual increase of 0.5% of GNP for ODA. This would mean a doubling of current, woefully inadequate, levels within five years. Alternatively, those industrialized countries who do not want to be bound by such a quantitative target, may wish to commit themselves to funding, in full or partially, the activities required to attain the Millennium Development Goals;
- A joint commitment: To negotiate by the end of 2003, a further substantial reduction in tariffs and quotas for goods and services from the developing countries – which would be the most immediate and effective mechanism to improve incomes.

Such a compact would instil true and dynamic meaning to our efforts here in Monterrey. It would create the conditions for and the means to work towards a better world with less poverty, more security for humankind, and more global justice and equity. Without such a compact, I, for my part, believe that the Consensus Document will have no practical consequences beyond a repetition and reaffirmation of generally accepted principles, concepts and statements.

Mr. Chairman, this Conference must set the tone for our mutual engagement in the future. If we succeed to engage each other on a more concrete level than general exhortations, we will have made significant progress and may have turned the tide in a more encouraging direction. If we only talk at each other, without concrete commitments and results, we will have signalled our recognition that the Millennium Development Goals will remain a dead letter. In addition, we also may have to re-examine the utility and wisdom of calling such mega-Conferences, if they consistently fail to deliver a minimum of real advance in critical areas.

Norway



Prime Minister Kjell-Magne Bondevik of Norway. Photo courtesy Permanent Mission of Norway to the United Nations*

Statement by
His Excellency Mr. Kjell-Magne Bondevik
Prime Minister of the Kingdom of Norway
21 March 2002

At the Millennium Summit, leaders across the world declared they would spare no effort to free our fellow men, women and children from extreme poverty. One and a half year later we meet again. The peoples of the world are looking to us in anticipation. They expect real steps towards realizing the goals in the Millennium Declaration. Poverty is the biggest challenge of our time.

Six months ago, the terrible events of September 11 shocked the world. The terrorist attacks were an assault on everyone who values life and liberty. We stand united in the war on terrorism.

Today, the call is to fight poverty. No country can remain neutral in the battle against poverty, just like no country can stay apart from the fight against international terrorism.

Five European Prime Ministers stated in an article in the International Herald Tribune today: We formed a strong coalition against terrorism. We need an equally strong coalition against poverty.

September 11 also tore down the invisible wall that divides poor and rich. Terror is not the voice of the poor. But these events brought home to us all a recognition that we have to address poverty, lack of development and social injustice in a serious manner if we are to win the long-term battle against international terrorism.

Reducing poverty by half by 2015 is the centrepiece of the Millennium Development Goals. Therefore, we must take action to:

- Prevent hunger and want.
- Secure the dignity of the poorest and most vulnerable.
 - Create access to basic health services and education to all, in particular for the many girls and women who lack this.
 - Ensure the freedom for all citizens to engage in open, public debate, and to participate and influence decisions without fear of retribution.
 - And grant all people the right and opportunity to engage in economic activity of their own free will, within the rule of law.

The elimination of poverty is about ensuring the human dignity and fundamental human rights of every person. In order to succeed, we all have to focus on our own deliverables. My Government has just launched its own Action Plan for Combating Poverty. In that plan we pledge to:

- Increase ODA from 0.92 this year to 1 per cent of GDP by 2005;
- Advance policy coherence in all relevant government policies;
 - Continue the transition from project to programme and budget support in our ODA;
 - Forgive all debt to countries that get HIPC treatment, and work hard to improve international debt service arrangements;
 - Stimulate investment, and private sector growth;
 - Implement zero tariff market access to all products but arms from the least developed countries, and to seek to increase market access for agricultural exports from developing countries;
 - Increase our efforts in areas such as peace building and reconciliation, improving governance and the protection of human rights.

The Monterrey Consensus is based on mutual responsibility. None of the Millennium Development Goals can be reached without major efforts both in the North and the South. It rightly recognizes good governance, the rule of law, transparency and accountability as prerequisites for development. Here, the developing countries will have to do better. It also focuses on nationally-owned poverty-reduction strategies and the imperative need for improved donor-coordination. Here, the developed countries have to deliver. We also have to provide better market access for developing countries and contribute further to ease their debt burden and fully finance the HIPC debt initiative.

In addition, development assistance is crucial. For poverty to go down, aid must go up. The Zedillo Panel, the World Bank, the IMF and the Commission on Macroeconomics and Health have all concluded that there is a need to at least double the present level of ODA. But the donor countries collectively provide only a third of the aid they have committed themselves to, or only 0.22 per cent of their aggregate GDP. Only five countries have reached the target of providing 0.7 per cent of our GDP as ODA. We have every reason to concentrate on the volume of ODA.

The Monterrey Consensus demonstrates that we, the international community, are in basic agreement on the means to eliminate poverty. We know what works, and what does not. We know what is needed to get where we want. That is in itself a major achievement. What we lack is sufficient political will to mobilize the resources necessary to make a real difference in people's lives.

It has been said that the Monterrey Consensus is a good menu, and I agree. But, a menu has never fed a hungry man or a hungry woman.

We must use Monterrey to mobilize the resources that mean real improvements for people. That is why I welcome recent announcements by the EU-countries and the US to increase development assistance. That is good. However, I strongly urge all donor countries to set specific deadlines and indicate time frames for increase in their ODA towards 0.7. Because we still have very far to go! Status quo will not do!

We can and must win this fight against poverty. Let us agree that it is our joint responsibility to provide to all people their birth right as human beings: Life, Liberty and Opportunity. There cannot be a cause more noble. There cannot be a task more sublime. Now is the time to act.

Palau



President Tommy Remengesau of Palau. Photo: Luis Galan/ Terra Networks.

Statement by
His Excellency Mr. Tommy E. Remengesau, Jr.
President of the Republic of Palau
21 March 2002

It is truly an honour to stand here today, before a group of such distinguished world leaders, and to address you on the issue of financing development in this new millennium.

For those of you who are not familiar with Palau, and I am sure there are many of you, Palau is a small island nation, located in the North Pacific. In 1994, Palau received its political independence, and since then has been working very diligently to establish a real and effective framework for the achievement of sustainable development. The ultimate goal of this framework is to provide for economic self-sufficiency.

While Palau would certainly prefer to accomplish its development goals without depending on outside assistance, we realize that certain aspects of such development are beyond our current knowledge and available resources.

Palau has a saying, "You can give a man a fish today, and he will need another fish from you tomorrow; or you can teach a man to fish today and he will provide for his own fish tomorrow." In this

context, there must be a special recognition and support for those developing countries making genuine efforts to help themselves.

The Republic of Palau seeks only the necessary training, tools and initial funding to establish its own self-sufficiency. Within this context, we are very willing to accept direct responsibility for our future successes or failures. We are consequently supportive of the notion that donor nations should expect each developing nation to establish a strong policy framework as a prerequisite to the receipt of financial assistance. This will help ensure that technical assistance and direct funding contributions are not wasted through non-performance by the recipient nation.

We would therefore support recent suggestions put forth by President Bush of the United States, that an international financing programme be established that creates real incentives for nations that seek funding from donor nations and that sets planned strategies and well defined criteria to qualify for such incentives. By incentives I refer to the implementation of measures such as:

- Performance budgeting;
- Requirements for balanced budgets;
- Strict audit requirements;
- Transparent banking laws that protect domestic depositors and restrict unlawful international transactions; and
- Strong support for private sector development

Countries that put in place such policies of good governance, and thereby meet the established criteria for incentive treatment, should then be given easier access to and a larger share of the development pie made available under this programme. They should also have access to an expedited process of review and distribution. In addition, priority should also be given to nations that have established positive track records in their use of financing assistance. Past failures to use developmental funding for intended purposes and parallel failures to implement funded programmes should not be rewarded. It certainly should not result in equal development funding status to those countries that have made good faith efforts to achieve the stated goals of the development projects. Developing nations that have taken the initiative to reform their basic economic and political institutions and that have strong and positive records should be placed on a fast track programme to receive assistance that leads to real self-sufficiency.

The difficult aspect of this 'Incentive' approach to development efforts is that we must simultaneously respect the rights of all nations to define their own development plans and patterns. Clearly, development has been shown to succeed only when the ownership of such development sits firmly in the lap of the developing country. In addition, 'sustainability' should be a key element in any discussion on the financing of development. We strongly believe that any international effort to finance development should place clear and cohesive environmental standards on types of projects funded. If the developing world seeks to achieve the historical model of industrialized development at any cost, I can assure you, the quality of life for the people will not rise. Rather, we will grow and grow and grow only to realize that our lives have far less value than the lives of our mothers and our fathers. I am sure this is not reflective of their hopes for their children nor is it our hope for our children. This is especially true for the Pacific Island Nations where sustainable development is really the only key to success.

Ultimately, we must resolve this issue through continued global strategies that successfully and consensually deal with sustainability issues. Global warming is a reality. Biodiversity is under attack. Our very way of life is changing before our eyes and we must not sit back and helplessly watch the degradation of our future.

My fellow delegates to this very important Conference: there are so many difficult issues to face in establishing a realistic and effective development financing process. We believe that it is important to recognize that the past is not necessarily an appropriate model for the future. Rather than continue to repeat our mistakes, we must seek new models and programmes that result in real outcomes.

All people clearly have an inalienable right to climb out of poverty, poverty that breeds terrorism and radicalism and that limits the opportunities and aspirations of all the peoples of the world. For the good of the world community, we must establish a process for transferring development capacities and capabilities that work. To this, I say the business of 'playing defense' and reacting always to world poverty and rising tensions is too costly and never adequate. Let's 'play offense' and be pro-active for a change and attack the problems with meaningful and lasting solutions beginning with this conference.

Panama



President Mireya Elisa Moscoso Rodríguez of Panama.
Photo: Luis Galan/ Terra Networks*

Statement by
Her Excellency Ms. Mireya Elisa Moscoso Rodríguez
President of the Republic of Panama*
21 March 2002

At the end of the twentieth century, we witnessed numerous considerations about the reality in which we human beings live in all corners of the planet. This reflection made it possible for us to evaluate our development, the realities of our institutions and the needs and requirements of our citizens. That point in time also gave us the opportunity to analyze our behaviour, to look at the errors made and to define the objectives that we need to put in place in order to achieve development.

We have lived, and we have suffered through all possible models – totalitarianism, socialism, capitalism – in all of their varieties and modalities, and we have finally accepted an economic model that apparently contains elements for a better flow of resources, upgraded consumption, production and a level of greater dignity for our people.

Making progress does not mean that we are no longer in the Third World, in developing countries, or in countries with emerging economies. These semantic considerations have never deemed to do anything more than to encourage us to continue our fight against poverty. Our nations have taken on and accepted with ever greater interest that for many of the industrialized countries there is a new economic model. We have reduced tariffs, we have broken down protectionist barriers, and we are opening up our economies to free competition with countries that have technology, knowledge and resources that are outside of our reach.

However, even with this approach, we are being asked to make more sacrifices. While the industrialized economies are using up most of their natural resources, the developing countries are being prevented from using their own. We are being required to give a greater fiscal contribution; at the same time, there are conditions on investments. In addition, there are standards of efficiency and transparency that are being imposed on us; yet, they are not practicing these standards, and they have never actually discussed it with us.

After 11 September 2001, democracy and progress are no longer political and economic concepts. We are not talking about global security issues. Apparently, the rich countries and the organizations dealing with financing and cooperation have understood the Quebec Declaration, which says that democracy is not limited to the exercise of suffering every few months. Democracy requires knowing what the necessities and the needs of the people are, especially those of the private sector, and to make sure that there is participation in order to offer more employment opportunities for the people who need them. It requires the assurance of more solidarity and more equity on the part of the industrialized economies.

In this context, I would like to reiterate that we have to speak very clearly and openly. We cannot waste our time in Forums such as this one, with declarations that hold no real meaning, although we are aware that over the course of these two days there will be many contributions and they will be very valuable. Panama feels the need to focus this statement on a specific topic that affects us. One of the discussions in the preparatory meetings, in fact, was about whether

* The text of this statement has been transcribed from audio recordings, as the original was not submitted to the Secretariat

poor countries with a per capita income of \$3,000 or above should have non-reimbursable loans or soft loan conditions. This is a problem of an approach that does not understand the realities of a nation, which, precisely because of these structures, has become a product of practices over decades and all sorts of experiments, both economic and financial. Most of these practices have failed and now show one of the worst indices of distribution of wealth in the world.

Without a doubt, international cooperation is a very fundamental aspect of any model that would encourage development. But to submit this tool to considerations that do not express the real situation of our nations and the efforts to consolidate democracy in a State where the rule of law prevails is an injustice and, at the same time, is an element that has very deleterious effects for our own possibilities. If we are talking about being more efficient in our use of financial resources for development, this Forum must promote the creation of an international parameter that can be used to approve cooperation projects that will consider the inequalities in income and the concentration of wealth. This can then be used to attend to the structural causes underpinning poverty, and it can be used to achieve better social and economic justice.

Other topics of similar importance to that of cooperation are the external debt, free trade based on equity and solidarity, the vast spending on arms and the role of minorities. These issues have extremely clear and important definitions here in Monterrey. The Republic of Panama applauds this Summit, because it allows us to describe certain concepts frankly, openly and freely that do not have the opportunity of being expressed in certain ministerial or typical meetings. I reiterate our appeal to those who have the power to decide to use it in support of true world peace.

Peru



President Alejandro Toledo of Peru.

Statement by
His Excellency Mr. Alejandro Toledo Manrique
President of the Republic of Peru*
21 March 2002

Poverty prevents the true exercise of free government and conspires against democracy and the sustained growth of our peoples. Poverty conspires against democracy. In recent months, we have discussed the relationship between national responsibility and multi-lateral responsibility in the search for a financial and trade system that is better structured, which should be the basis for the sustainable development of the poor countries in the world.

From the standpoint of the Peruvian experience, I can tell participants now that we can assume our internal responsibility to financially re-engineer structures that will enable us to reallocate resources to social investment. In specific terms, this year Peru has just reallocated a decrease of 20 per cent of defence costs, redirecting them towards investment in health and education. We are working with our neighbours,

* The text of this statement has been transcribed from audio recordings, as the original was not submitted to the Secretariat

our brother and sister countries, to reduce progressively military costs and to make space to redirect public investment towards social investment. We are designing new financial mechanisms to benefit small and medium-size enterprises, which are the ones that are generating productive work and offer new opportunities to the poor.

However, this is not enough. National responsibility requires a multilateral space that should be of use to us all. Hence, we firmly back the proposal for a new global alliance that will enable us to give impetus to financing for development and combating poverty in the most effective manner possible. This alliance must affirm a more equitable trade structure that is open to goods from developing countries, building on the Doha Ministerial Declaration. It must ensure that international capital flows do not destabilize small countries. It must also establish an international mechanism of payment maintenance for countries with liquidity problems and with due safeguards for creditors and debtors alike.

The aim is that globalization and competition have a human face; that globalization be an integrating, rather than an excluding, reality; that it significantly narrow the economic gaps between our countries; and that it make nations sustainably governable. Hence, my country welcomes our goal of signing a Declaration at this meeting, which means a new step in that global alliance. Let us sign that alliance with conviction and let us move as soon as possible to the implementation stage.

Participants are aware that global security is inextricably linked with the health of the world economy. Insecurity and the sinister role played therein by terrorism must be confronted. Terrorism sows violence and intolerance. It prefers death to life. It generates distrust and uncertainty. Speaking of development is also speaking of a firm struggle against terrorism in which the world has to be increasingly united.

Just a few hours ago, my country was struck by a new cowardly terrorist attack. Eight human lives have been sacrificed and 30 men and women are struggling between life and death right now. That is the result of an attack of obscure origin that seeks to strike the effort of a people that wants to reconstruct its democracy and walk unambiguously towards development.

Peru is familiar with the bloody consequences of terrorism. It has paid for it with 25,000 lives and many millions of dollars. It was that experience that led us to adopt a firm stand of immediate rejection of the attacks of 11 September in the United States. That conviction has led us to submit a draft to the Inter-American Convention against Terrorism, which is being discussed in the Organization of American States.

We are making a firm contribution to the fight against that global threat, but I should say here that Peru, my Government and the courageous Peruvian people would not allow terrorism to be reborn in Peru. We shall be very firm with our punishment and with the law. We will fully apply the law. Peru has been and is a peaceful country and it will continue to be so. I will not rest in this endeavour, and I know that I can count on the support and cooperation of participants.

I apologize for interrupting my participation at this important world Conference because my responsibility compels me to be with my people in these difficult times.

Financing for
Building on

Romania



President Ion Iliescu of Romania.

Statement by
His Excellency Mr. Ion Iliescu
President of Romania
21 March 2002

Allow me first of all to address my thanks to you, Mr. President, and through you, to the local authorities in Monterrey, to the friendly Mexican people for hosting this important conference and for the warm hospitality extended to us.

Economic and social development issues concern humanity as a whole. Globalization is the phenomenon nowadays that, on the one hand, speeds up the economic processes offering opportunities for economic and social development of all countries but, on the other hand, it highlights ever stronger the divide between the rich and the poor countries. This divide, if ignored or treated with indifference, may become an obstacle as well as a threat for the world's peace and stability, for all the actors of the globalization process.

Romania considers that the involvement of the United Nations in formulating adequate answers to the economic and social problems faced by the developing countries is both necessary and natural. In this way, the Organization fulfils its mission – that of representing and harmonizing the interests of all its members.

Despite the efforts made by the UN Member States, by international financial organizations and by many private companies that have understood the stakes of the development process at the global level, the widening of social gaps has become the upsetting reality of today's world. While 20% of the inhabitants of our planet consume 80% of its resources and possess as much of its wealth, 1% of the wealthiest people in the world have revenues higher than 57% of the poor. Almost a billion people have no access to water sources, 2.4 billions have no access to basic medical care, 854 millions are illiterate, and 1.2 billion people live on less than US \$1 per day – according to data supplied by UNDP.

Therefore, the increase of the social and economic polarization has become, through its direct and indirect effects, the main source of instability throughout the world. And it happens at a time when the global economy has reached unprecedented growth rates. Over the past fifty years, the global production of goods and services has risen more than seven times. Moreover, the gap between the rich and poor countries has widened dramatically. The disparity of revenues between the rich and the poor has also increased in the richest countries, thus threatening their social stability. And, without social stability, development and economic growth can hardly be imagined.

These gaps, relating to the revenues of citizens and the wealth or poverty of nations, are complemented by another one, equally bad for most of the inhabitants of our planet: the one separating those who know, who have access to knowledge and information, from those who see themselves deprived of this opportunity – in a world in which well-being is ever more fundamentally linked to knowledge, innovation, and the new information and communication technologies. Education and quality of professional training have become decisive for economic development and gaps reduction.

The eradication of poverty throughout the world and the reduction of economic and social gaps remain major goals for all countries, including the rich ones. To keep under control, through military means, the present sources of instability and armed conflicts is more costly than the aid offered to the poor countries by the developed ones. As a matter of fact, the average development assistance offered by the OECD member countries has constantly declined in the last few years, standing for only 0.22% of the GDP of the respective countries. We find ourselves ever farther from the objective set as early as 1969 by the United Nations, that the ODA should reach 0.7% of the GDP of the developed countries. Unfortunately, many of

these public funds for development have been earmarked for military programmes, thus making this aid even less efficient.

Throughout its existence, the United Nations has pursued multiple actions in favour of a sustainable and equitable economic development. They have been more or less successful, depending on a series of political, ideological, and even financial factors. It has not been easy to ensure a constant inflow of financial resources for development projects in countries confronted with domestic instability, fragility of institutions, corruption and bureaucracy, or involved in conflicts with their neighbours.

If, until now, national governments and financial institutions such as the IMF and the World Bank, have been regarded as the main actors for financing development, the International Conference on Financing for Development has a goal to integrate the other important actors, particularly from the private sector. Beside them, it is also noteworthy the representatives of civil society, because we must not ignore the social and ecological dimensions of development.

We also appreciate the inclusion of the World Trade Organization in this process. The opening of markets and the liberalization of trade represent a development opportunity, but also a challenge to the weaker economies. The free unregulated market has always caused social polarization. That is why there is a need for national social policies in favour of disadvantaged people and for reducing the gaps. The international organizations have to design policies and measures at the global level in order to bridge over the huge gaps between the rich and the poor countries.

The World Trade Organization must set clear regulations for the efficient functioning of markets and supervise their implementation, thus preventing, at the same time, any abuses of the dominant forces on the global market. In the process of opening the markets, we have to take into account the need to protect and encourage the national production in the underprivileged countries. Let us neither ignore nor minimize the risks of opening the markets or consider the liberalization of trade as a panacea for the problems of development. There is enough evidence of the negative effects of liberalization not supplemented by compensation measures and global regulating mechanisms, which have worsened the imbalances in the underdeveloped countries, have exacerbated poverty and social polarization.

Romania is glad to find out that a consensus is emerging with respect to the topics on the agenda of this Conference. We will firmly support all the actions aimed at improving coordination and enhancing coherence of the process of financing for a sustainable and equitable development.

The world economy, affected by the consequences of the 11th September 2001 terrorist attacks on the US, is showing some signs of improvement. Yet, we have to promote the measures for supporting a sustainable economic growth throughout the world, and the efficient use of financial resources earmarked for development.

We fully support the conclusions of the World Bank and of the Zedillo Report, according to which it is necessary to double the world inflow of ODA. The eradication of poverty, of famine and social diseases, the lessening of development gaps must become the top priority of the international community. We need new mechanisms at the global level which allow us to fulfil these ambitious goals, particularly because the world economy has the necessary resources to sustain them.

We live in an evermore interconnected and complex world, in which one cannot imagine individual answers to global issues, and in which protectionism or isolationism do not produce the results expected by those enticed to appeal to them. Neither is the free game of the market a rational way for development. They have always favoured those who have powerful market positions, and have disadvantaged the poor actors. The high-level participation in this Conference of a significant number of UN member states represents an important political signal given to the international community. It testifies to the commitment of these states to mobilize the necessary financial resources for sustainable development, as well as for creating the domestic and international conditions necessary to fulfil these development objectives. There is imperative need for a more active involvement of the disadvantaged countries and the countries in transition, which are beneficiary of international assistance, in the process of decision-making of the international economic organizations and fora and a more accurate reflection of these countries' opinions and interests.

Likewise, it is not by chance that the international economic fora are increasingly emphasizing the need to enhance the social responsibility of the economic actors, particularly of the multinational companies. The latest must also get involved in changing the motivation of the economic actors. Not only profit, for the sake of profit. The economy has to serve all

people, not only a favoured minority. This has to be the motto of all actors – national and international – who have an impact and decide on the path of the economy at the beginning of this new century, in order to combine economic efficiency with social effects.

We have to think together of the ways to diminish the costs of financing development, including through the restructuring and better management of the debt of the poorest countries. At the same time, we have the obligation to harmonize the requirements of development with those of preventing economic and financial crises. Life has shown that any crisis consumes resources, induces political, economic and social instability, inefficiency, and leads to the missing of opportunities for development.

Romania has experienced, during the reform and transition process from the state-commanded economy to the market economy, a number of serious difficulties related to financing for development. The scarcity of domestic and external resources is characteristic for the transition period in Romania. The difficulties are due to the inertia of the system manifested, on the one hand, in the promotion of the reform processes and, on the other hand, in the creation of the new market economy institutions. Besides, we have not yet managed to find the most appropriate ways to attract foreign investments.

In its economic policy, Romania sets out from the necessity to promote the public-private partnership and to combine economic efficiency with social justice and reduction of inequalities between the members of the society, according to the requests of a new sustainable human development. In this way only can the necessary economic reform be understood and supported by all the members of the society. Without the active support of civil society, no reform can succeed.

Although well known for its social model, which has been beneficial to its sustainable economic development, Europe is also confronted with major development gaps, particularly between the EU member countries and the countries seeking accession.

In our vision, the Monterrey Conference should seek to make up an international alliance, aimed at allocating, in an equitable way, the resources for financing sustainable development and strengthening multilateral cooperation aimed at solving the economic, financial, commercial and social problems. Without such a fair allocation of funds for development, the national efforts to mobilize the domestic resources remain without the expected results.

We are aware that a factor likely to ensure a constant and significant inflow of financial resources is represented by the promotion of a good national governance, through the building up of democracy, the respect of human rights, the achievement of a tolerance climate regarding the relationships between the majority population and minorities, as well as the consensual approach to controversial issues.

Romania has taken firm steps for ensuring and maintaining macroeconomic balances, for the rational and efficient use of public money on projects of a general interest, particularly in infrastructure, as well as for combating corruption and bureaucracy, including through the correct management of the assistance for development. We are paying particular attention to improving the management of economic agents, fighting inflation, maintaining the stability of the national currency, and to the reasonable structuring and management of the foreign debt.

For Romania, ensuring a complementarity between domestic and external resources of financing for sustainable development is a central goal of its economic and social policies. In this context, we also pursue the economic and institutional criteria for Romania's accession to the European Union. The regional and subregional cooperation and integration represent factors of economic progress and instruments of sustainable development.

The Monterrey Conference, through the major importance and significance of its agenda, as well as through its final outcome, is the economic event of the year 2002. The Monterrey Consensus will give a new shape and a new dimension to the international cooperation meant to ensure the financing for sustainable and equitable development. It will complement the efforts that made it possible to launch in Doha the new round of multilateral trade negotiations set under the sign of the balanced development of all nations. Besides, the states of the world give a strong signal in favour of a multilateral approach to development, which is not solely related to the liberalization of the international trade.

Romania hopes that the success of this Conference will enable the achievement of the development-related objectives set out in the Millennium Declaration and will contribute to the good preparation of the forthcoming World Summit for Sustainable Development to be held in Johannesburg.

We salute and support the coordinating role of the United Nations in promoting the global strategies of development. The time has come to seriously think of setting up an Economic and Social Security Council of the United Nations, allowing a better coordination and increased efficiency of all these complex projects.

In conclusion, Mr. President, I would like to express my hope that our endeavours will be understood and supported by all those who are interested in creating a worldwide stable economic and social climate, in reducing the development gaps, for a more equitable and peaceful world.

Saint Vincent and the Grenadines



Prime Minister Ralph Gonsalves of Saint Vincent and the Grenadines.
Photo courtesy Permanent Mission to the United Nations

Statement by
His Excellency Dr. Ralph E. Gonsalves
Prime Minister of Saint Vincent and the Grenadines
21 March 2002

Eighteen months or so ago, political leaders the world over agreed upon a bundle of clearly defined targets, aptly-named 'Millennium Development Goals', which focused on a substantial reduction of poverty, disease

and illiteracy by the year 2015. Sadly, the heretofore financing, policy and institutional emphases, if allowed to persist, will ensure that these goals will be missed by a very wide mark.

So, here we are again gathered, this time in the magnificent land of Mexico, not to rehash the work of the Millennium Summit but to advance its underlying purposes in a remarkable new period, post-September 11th, hopefully with bold new ideas revolving around the theme 'Financing for Development'.

So in Monterrey it is not 'déjà vu'. It cannot be a celebration of cynicism nor a dragon's dance upon a decorous platform of the finest diplomatic language which few are determined to embrace for action. Rather, Monterrey ought to be seen as that occasion when human civilization commenced its renewed quest to save humanity, to turn the setbacks of the past (including the last eighteen months) into advances, to ensure that extant weaknesses metamorphose into strengths, and limitations into possibilities.

In this historic venture to preserve and advance human civilization and to arrest a descent into an immediate and lurking barbarism of poverty, terrorism and underdevelopment, we need all hands on deck. Obligations accordingly reside in nations, in the international community, in corporate entities, in the array of non-governmental organizations and, yes, in individuals across this increasingly shrinking planet earth. Therefore we must all leave here with a renewed commitment to work together in human solidarity to accomplish the solemn and uplifting declarations in the draft Monterrey Consensus which we are here gathered to adopt and proclaim as our own.

This draft Monterrey Consensus does not in every material particular satisfy the country which I have the honour to represent, Saint Vincent and the Grenadines. But I shall not make perfection the enemy of the good. And so my county embraces 'the new global deal' on the table which was eloquently summarized by the distinguished Secretary-General of the United Nations, His Excellency Mr. Kofi Annan, in an article in the New York Times of March 19th 2002, in the following terms: "When developing countries fight corruption, strengthen their institutions, adopt market-oriented policies, respect human rights and the rule of law, and spend more on the needs of the poor, rich countries can support them with trade, aid, investment and debt relief."

Of course, each of the elements in this new global deal is enveloped in controversy. As always the devil is in the details. It is precisely for this reason that sensible, rational, ongoing, structured conversations among all the relevant stakeholders are necessary and desirable to hammer out acceptable conclusions on the devilish details which are well known to all assembled here.

We in Saint Vincent and the Grenadines are deeply grateful for the bilateral assistance which we have been receiving from countries in North America, Europe, Latin America, the Caribbean and Asia. It is to be regretted that one of our country's principal donors from Asia, the Republic of China**, has been excluded from a place at the table of the community of nations.

Still, it is true to say that the level of assistance delivered to poor countries by rich ones is wholly inadequate for genuine development. I do not however traduce them for failing to meet even their own targets. Rather, I urge them to accept that their own self-interest dictates a greater and more appropriately targeted generosity. Surely, the call by the United Nations and the World Bank for rich countries to double their current levels of assistance is not unreasonable. Moreover, such aid ought not to be merely discretionary; it ought, in this new globalized world to be a juridically grounded international obligation, monitored by an appropriate authority. At the same time too, the international financial structures fashioned at Bretton Woods nearly sixty years ago ought to be reformed to meet the circumstances of this new, changed and challenging age.

Saint Vincent and the Grenadines is a small, poor country set adrift between the Caribbean Sea and the Atlantic Ocean. Admittedly, we are not among the poorest countries of the world but we are among the world's most vulnerable. Our very special circumstances cannot even be accommodated by the useful, though shopworn, ideas under the rubric 'Special and Differential Treatment'. Much, much more is required from the international community if small Caribbean countries like Saint Vincent and the Grenadines are to grapple satisfactorily with the fallout from globalization and the trade liberalization. Our agenda in this regard is fair, reasonable and practical.

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The overall cause of financing development upon which we are here embarked is a great one. And great causes are not won by doubtful men and women. Great causes, too, admit not of time wasting. An urgency is upon us.

Now, more than ever, each of us is his brother's keeper, Nations ought to reflect the magnanimity which resides in the human spirit and not allow ancient wrongs to rankle needlessly. Poor nations are not worthless entities to be politically shunted aside. Rich nations ought not to permit their successes to engender a sense of rampaging triumphalism. History is not yet at an end. Here, let us all be thoughtful and caring of, and for, the human condition, and be reminded, too, that of all time only the future is ours to desecrate. This conference is about the avoidance of the desecration of the future.

Let me conclude by thanking the Mexican Government and people for hosting this wonderful event, I am honoured to have been part of it.

Senegal



President Abdoulaye Wade of Senegal.

Statement by
His Excellency Mr. Abdoulaye Wade
President of the Republic of Senegal*
21 March 2002

I would like on my own behalf and on behalf of the delegation accompanying me to thank first of all the Secretary-General and also the President of the United Mexican States, its Government and the Mexican people for their hospitality. I would also like to express my gratitude and recall that millions and millions of people from all continents have their eyes turned to this Conference.

To go to the heart of the subject, I would recall that since the admission of the underdeveloped countries to the functioning of the international development finance system, financial institutions, European development funds and others, international development has been predicated on credit and assistance.

Official development assistance has only reached half the goal that was set in the 1970s – of transferring 0.7 per cent of the gross national product of developed countries to the developing countries. I do not want to go into the details of the contributions

* The text of this statement has been transcribed from audio recordings, as the original was not submitted to the Secretariat

of various developed countries, but I would raise the following question. If, even today, here and now, the rate of 0.7 per cent were reached, what would have been resolved concerning development problems? No model of analysis has endeavoured to answer this question. Moreover, at the pace at which official assistance is evolving since 1970, to attain but half of our goal, it would have only reached this goal in another 30 years, without our yet knowing very well the problems that it would have resolved.

I would not want, for my part, for us to leave here with the sole result of announcing triumphantly that official development assistance has been raised to x per cent, because we would be dangerously raising hopes, while knowing full well that we are a long way short of the target.

Nevertheless, we must sincerely thank the developed countries, whatever their contributions to official development assistance, because assistance is always a sacrifice on the part of the populations that give it. We must recognize that assistance alone will not resolve Africa's problems. Assistance can only complement, in my view, a system that is already functioning and not be the essential element that makes the system run.

On the other hand, debt has reached insoluble proportions. We must acknowledge that despite the good will of all in the face of the problems of Africa, the credit and assistance system that was conceived to finance international development has failed. What is paradoxical is to correlate the needs of Africa with the generosity of the developed countries. Africa, paradoxically, wanted to develop in a way that has never been proven, because nowhere in the world do we know of a country that has been able to develop through assistance and debt.

This means that we must seek other solutions. We have to be imaginative. That is precisely what Africa has tried to do in the New Partnership for Development in Africa (NEPAD), which focuses on the development of a partnership with the private sector and public sector. In April, my country will be hosting a summit of African Heads of State in Dakar devoted to partnership with the private sector to finance NEPAD. Companies, businessmen and the private sector of all countries are cordially invited – the United States and Canada, the countries of Europe and Asia, Arab countries and of course the African private sector.

I think that it is the private sector that developed Europe, the United States, Japan and certain Asian countries, which do not have natural resources, but have leaned on education and training. Africa should channel itself in that direction. In my view, most internal resources and official assistance

should go towards education and training by creating thousands of schools of general education and vocational training in all villages and by making unemployed professionals into teachers and training personnel. We should even recruit training personnel from abroad.

With respect to debt, I need not expand on this, because I have focussed on this issue elsewhere. I would simply say that I support the idea put forward by President Bush to allocate 50 per cent of development resources as loans and 50 per cent as grants, because it serves no purpose to make loans, knowing that the creditors will not be paid.

The second phase of NEPAD will be in June, when we will meet with the Group of 8 in Canada.

I would simply like to add Special Drawing Rights to the various sources of financing I have already mentioned. I would refer you once again to the proposal I made in 1972 in 'African Reform of the International Monetary System,' which I took up again in 1989 at the Organization of African Unity conference in Abidjan and which was reflected in my work 'A destiny for Africa' and in the Omega plan in 2000.

The second point I wish to make is that a Conference such as this can be a success only if it goes beyond general principles and into detail, because Africa is not in the same situation as South America or Asia, which are relatively more developed. To wish to deal with all developing countries with the same concepts and strategies would be like a doctor who wants to heal all the patients in his clinic with the same medicine.

The present Conference should refer to the continental conferences such as the one NEPAD organized in Dakar in April on the theme, as I have said, partnership with the private sector for financing for development. We intend to receive members of the private sector here to continue and follow up on Monterrey. We will be speaking in concrete terms.

The flows of private capital will be channelled to Africa if we create genuine democracies, establish transparent regimes, assure security and create conditions for profitability, with the free repatriation of capital and long-term conditions of stability. The problem facing Africa is not actually development resources, because they exist, but rather the conditions for receiving capital flows. It is our political systems – or certain political systems – that have a negative effect on the flow of international capital, which is thus channelled elsewhere, such as towards Asia.

In conclusion, while we again express our gratitude to the countries of the North and their peoples for the sacrifices that they make for the peoples of the South through official development assistance, we would say that African development would nevertheless take place through the private sector and no other means. Assistance of all kinds and financing from international institutions can only be a back-up for a machine that works on its own and supplement what it lacks. A contrary vision would be a serious mistake and can only lead to deep disappointment.

South Africa



President Thabo Mbeki of South Africa.

Statement by
His Excellency Mr. Thabo Mbeki
President of the Republic of South Africa
21 March 2002

This historic meeting in Monterrey is a declaration of hope to the peoples of the world that the leadership of countries of the world is committed to "eradicate poverty, achieve sustained economic growth and promote sustainable development as we advance to a fully inclusive and equitable global economic system".

Our presence here signals unequivocally that we will act together as a potent force for global change. We are here to break new ground and to extend the frontiers of what is possible to attain bal-

anced global development. The mission which brought us here started, in earnest, at the Millennium Summit eighteen months ago where we stated that "We are committed to making the right to development a reality for everyone and to freeing the entire human race from want."

We have since been through the meeting of the World Trade Organization in Doha, which committed to a development trade round. In Monterrey we must reach explicit commitments on the financing of development. We must then proceed with even greater clarity of purpose to Johannesburg in September this year to map out the detail for sustainable development.

This gathering has been favoured with a consensus document. This consensus must be accepted as a foundation on which we must build now.

We welcome the announcements made by both the European Union and the United States of America in the past few days to substantially increase the ODA commitments. We are greatly encouraged by the discussions here in Monterrey between representatives of governments and the private sector on the steps towards increased investment flows. We accept the proposals developed in round tables here to improve on the coherence within countries and between the multilateral organizations. But, we must urge that more be done, soon.

If the world continues on the current trajectory, the combined threats of underdevelopment, poverty, environmental degradation, ill health and disease, and conflicts over natural resources will undermine the prospects for political stability and prosperity across the globe. It is this which creates the urgency for an agreement on sustainable development.

But, to deliver on this agenda, we must return to the mandate of this Summit, of mobilizing sufficient resources for sustainable development.

On international trade, we must urge that the post-Doha negotiations be treated with urgency. This must include the provision of increased market access for products from developing countries. We must call on the OECD countries to act on the more than \$360 billion of agricultural subsidies, which lock out imports from developing countries.

On Official Development Assistance, we appeal for a greater focus on the objective of defeating poverty and underdevelopment, simplification of procedures and greater transparency in the awarding of grants.

Perhaps it is appropriate to recall that the greatest tragedy of ODA is that it peaked at 0.35% of GNP in 1990 and has been in decline ever since. At a level of 0.23% of GNP currently, it is a far cry from the committed 0.7%.

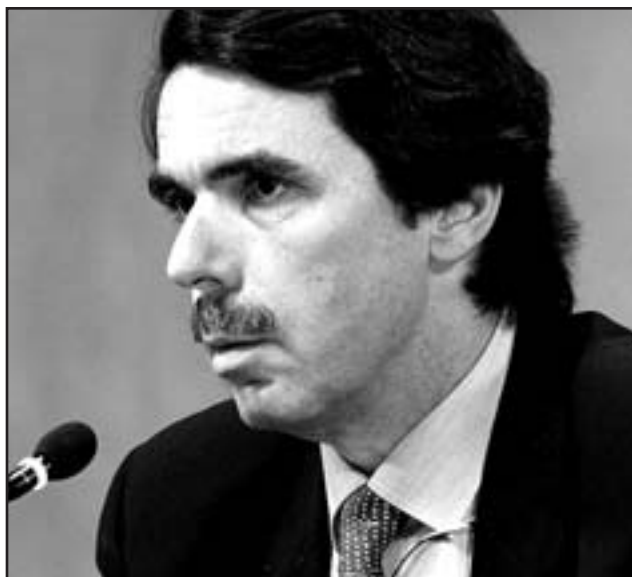
On External Indebtedness, we appeal for a drastic revision of the terms and conditionalities applicable to the HIPC initiative. Unless we can staunch the outflow of scarce capital from the poorest countries, we will never enable the governments in poor countries to marshal the resources to improve on the quality of public services or to address the infrastructure deficits.

Of great importance, we must, all of us, commit to a partnership of mutual accountability between North and South to effect the necessary changes, as represented, for instance, by the New Partnership for Africa's Development, NEPAD. The premise of this partnership must be an unambiguous commitment to solving problems together, in a spirit of joint responsibility among governments and with the private sector and other organs of civil society. At the same time, we must commit to improving the coherence between the multilateral institutions, to encourage the leadership of these institutions to undergo programmes of organizational transformation, and to assure them of our unstinting support.

The world we live in has the capital, technology and the human skills to end poverty and underdevelopment. The world's poor need this expression of hope, hope that we will take the correct decisions to end their misery.

We must, here in Monterrey, agree to find the resources to end the misery and degradation. At the Johannesburg World Summit for Sustainable Development, we must then fill in the detail, and do so in confidence, knowing that the plans will be fully financed in the future. Our responsibility as leaders together is to confirm that the trust of our peoples is well-founded. We cannot afford to fail.

Spain



President José María Aznar of Spain

Statement by
His Excellency Mr. José María Aznar López
President of the Government of Spain
(on behalf of the European Union)
21 March 2002

One of our shared concerns brings us together today at this, the Monterrey Conference: the unbearable situation of a large part of Humanity. It is not just a moral concern based on ethics. It is also the conviction that it is necessary to extend to everyone, that is, to every human being who inhabits the earth, the opportunities enjoyed by the citizens of developed countries.

We have come, then, not only to reflect, but also to act, to make the world we live in a more just, more prosperous and better place, with our sights set not on abstract considerations, but on concrete human beings.

In this sense, I sincerely believe that the Monterrey Conference is an important step in a process which the International Community as a whole decided to support at the Millennium Summit. Monterrey, along with Doha and Johannesburg, is and will be a name associated with the effort to concertedly confront the varied aspects of development. Because global challenges require global responses.

This is the great potential of the well-named Monterrey Consensus. We are without a doubt facing the important renewal of a universal pact to eradicate poverty. This pact is based on the firm engagement of some, and on a conviction: No one is condemned to poverty or underdevelopment. Every country has a potential for creativity and growth which must be freed.

This is about an accord to seek and achieve commitment to the most relevant aspects influencing development and the elimination of poverty. Liberty, democracy, good governance and transparency with respect to Fundamental Rights, economic liberalization, increased and better aid, more dialogue and participation, preferential attention to education – a basic element in sustainable development – are, among others, some of the issues comprising the multifaceted complex an adequate policy for the encouragement of development must be.

The European Union is the world's biggest donor of development aid, and would like to reiterate at this Conference its adherence to the principles and actions embodied in the Monterrey Consensus. Our new international reality implies challenges which demand new, imaginative formulas. We are sensitive to these concerns and thus, at this Conference I would like to present the following initiatives the European Union adopted by consensus.

In accordance with our repeated commitment to achieve the goal of channelling 0.7% of our Gross National Product to Official Development Assistance, the Member States of the EU have decided to do what they must to collectively reach an average of 0.39% in the European Union by 2006. In order to do this, those European Union Members with contributions equal to or greater than 0.7% will continue their efforts to maintain or exceed this amount. Those contributing less than this amount will make every effort to at least reach the level of 0.33% of their GNP for Official Development Assistance in 2006.

In addition, the European Union demonstrates its determination to make Development Assistance more efficient. It must reach the beneficiaries with greater ease, greater speed and less cost. In order for this to happen, the Member States of the

European Union will implement concrete measures to coordinate policies and procedures for harmonization before 2004, in accordance with internationally agreed criteria, including the application of the recommendations by the OCDE Special Unit, Development Assistance Committee, on donor actions.

In accordance with this same philosophy, we will implement the recommendations of the Development Assistance Committee to eliminate conditions for assistance for least developed countries. We will also continue debates for a greater untying of bilateral aid. The European Union will also study measures for a greater untying of community aid, while maintaining the current systems of pricing preferences within the framework of accords between the Union and the ACP Group.

Based on the conviction that international trade is an authentic engine for development, the European Union is firmly committed to leading the development agenda agreed in Doha, with special emphasis on the liberalization of markets. The European Union is in fact the main export market for developing countries and offers generous trade preferences. Furthermore, the EU has marked the appropriate path with the 'Everything-but-Weapons' initiative, which concedes access with no tariffs or contingencies for exports of Least Developed Countries.

The European Union will increase assistance to strengthen long-term trade capacity, productive capacity and the measures to exceed supply limits in developing countries. The EU will immediately facilitate technical assistance to improve the negotiating capacity of developing countries with respect to trade, including its commitments assumed at the WTO Pledging Conference in Geneva on March 11, 2002, which have reached 60% of the total amount committed in 2002.

We will continue to work on the process of an international definition of the most important global public goods, including the proposal for the establishment of a special unit to that effect. Sufficient financial resources must be dedicated to Global Public Goods. This is consistent with the Official Development Assistance convention. Specific funds, such as the recent Global Health Fund, may be valid instruments for channelling private, bilateral and multi-lateral resources.

The Union will make every effort to influence the reform of the international financial system by fighting against abuses of financial globalization, strengthening the voice of the developing countries in making economic decisions internationally and, while respecting their respective functions, enhancing coherency between the UN, international financial institutions and the WTO.

Finally, the Union will continue its efforts to guarantee debt sustainability in the context of the renewed HIPC initiative, so developing countries, particularly the poorest, can continue to grow and develop without the limitations of unsustainable debt. We understand, however, that it is necessary to streamline procedures and to shorten terms, given the difficult situations of the eligible countries.

These commitments express the will to involvement that the European Union has and will have, for improving the living standards of broad sectors of the planet.

I would not like to end this speech without thanking the Government and people of Mexico for their ever-warm hospitality. In the same way, I would like to thank President Vicente Fox for his offer of Mexico as host of this Conference. We find ourselves in a country which is particularly conducive to understanding the challenges, difficulties, opportunities and hopes of the struggle to obtain full development.

I also thank the United Nations and its Secretary-General for having convoked this Conference, which is not an ending but rather a starting point. Many difficult efforts remain to be achieved, but we have received a mandate which we must fulfil and it is our own future that is at stake.

Thailand



Prime Minister Thaksin Shinawatra of Thailand.

Statement by
His Excellency Mr. Thaksin Shinawatra
Prime Minister of the Kingdom of Thailand
21 March 2002

Permit me to highlight a few priority concerns and share some of Thailand's own experiences in our collective efforts to reform and strengthen the global economic system to enable the achievement of truly viable and sustainable development growth in the new millennium.

The draft of the Monterrey Consensus already encompasses the broad strategies and outlines the requirements to eradicate poverty, promoting sound economic growth and sustainable economic development in a holistic and comprehensive manner. The Monterrey Consensus enshrines all the basic tenets necessary for economic and social development, namely domestic mobilization of resources or self reliance and a conducive external economic environment through free and fair trade, improved investment and capital flows, and better standards of conduct and government transparency.

The Consensus highlights the need for an increase in the level of official development assistance (ODA) that truly addresses the social, human and financial needs of the poor and individual national

requirements as well as the thorny issues of high indebtedness and improved external debt management, debt relief and debt forgiveness, where appropriate. However, not enough priority is given to the monitoring and management of rapid, destabilizing outflows of private capital from developing economies, which were the primary cause of past financial crises. The failure of the international financial system to prevent and respond to such crises should remain a high priority concern.

The identification of basic and continuing systemic development issues, in particular the need for greater coordination and surveillance of all key players to maintain global economic and financial stability, and reduced exchange rate volatility among the developed economies, as well as improved mechanisms to prevent future potential financial crises, remain key priority issues. The role of international financial institutions and new regional arrangements to provide timely and adequate support in times of financial crisis, and adjustments to ensure effective rescues, remain paramount. At the same time, we must also ensure that the needs and requirements of the poor are not unduly compromised, particularly in the transition and crisis reform phase.

To avoid future crises, there is a need to properly sequence and formulate fair, effective and realistic codes of financial standards, transparency and governance codes appropriate to the level of economic and financial maturities of individual economies. Such measures would reduce the vulnerability to financial crisis and mitigate the social costs of required structural adjustment programmes.

Towards this end, Thailand fully supports and strongly urges that the highest priority be given to create a new forum to study, examine and propose new and innovative ways for developing countries and transition economies to engage equitably and properly with the international financial community in a new globalized context. Globalization and liberalization in trade, development and investment are issues that require a reassessment of standards and safeguards to ensure that all can participate meaningfully and fairly at appropriate levels. One standard, while desirable, may not be suitable for all at the same time. A handicapping system is a possible alternative that merits serious consideration.

From Thailand's experience, one of the lessons of the 1997 Financial Crisis is that liberalization of any sector must be well sequenced, appropriately timed, and accompanied by appropriate rules, regulations, and supervisory frameworks. As a consequence

of the Crisis and contagion, the developing economies in Asia have undertaken a number of measures to reform and adjust their financial systems to the new demands of globalization. These efforts are, however, inadequate without the cooperation and strong financial support of the international community and international organizations concerned.

The continuing worries of volatility of international capital flows, more equitable burden-sharing between debtors and creditors, as well as flexibility of policy options for economies experiencing financial difficulties, need to be seriously considered. One solution cannot solve every crisis. A more flexible crisis management paradigm is a must.

The issue of moral hazards has yet to be fully addressed since one of the primary concerns was the IMF requirement for crisis economies to maintain liberal capital transfers. This, in effect, was a bailout of private creditors and investors under the guise of government and international guarantees of free and unrestricted financial transfers. The need to have an immediate time-out or short circuit, such as the measures in the NYSE, would be a viable solution in future crises.

Greater dialogue between developed and developing countries is clearly needed on these key issues, based on mutual interests and shared responsibilities. The issue of immediate corrective actions, such as restrictions on capital outflows and limited exchange controls for an initial adjustment period, needs to be seriously re-examined and allowed in times of severe financial duress.

International trade remains another major source of financing for development. Thailand believes that all countries must strengthen their cooperation to ensure that the new round of Multilateral Trade Negotiations (MTN) seriously addresses the needs and concerns of developing countries in the negotiation and implementation of the WTO Agreement.

The primary and major concerns are continued unrestricted market access for goods and services, reduction of tariff and non-tariff barriers for agricultural goods and textiles, and liberalization of important service sectors. We are also concerned about how the TRIPS agreement should be implemented in a way that will ensure the rights of less developed countries to technology transfer, affordable medicine, and equitable sharing of benefits from the utilization of natural resources and indigenous knowledge. The fight to eradicate diseases, and ensure appropriate health and sanitation for the population especially the poor,

requires a new rethink, not merely based on financial but also human dimensions. No one should have the right to suffer because they cannot afford the latest and most effective cure.

Thailand believes that the special and differential treatment and technical cooperation provisions of the WTO Agreement need to be strengthened and effectively implemented. Meanwhile, the more developed partners as well as related intergovernmental organizations such as the WTO, UNCTAD and ITC, could help provide technical assistance to developing countries in building up their capacity in the areas of trade negotiation and promotion, trade and investment policy, and legislative adjustment for liberalization of trade in goods and services.

Foreign direct investment is and remains one of the most important sources of financing for development. The current declining trend of foreign direct investment to the developing countries therefore needs urgent consideration. As in international trade, the imbalances and uneven distribution of foreign investment are caused by the weak economic and technological infrastructure and supply side capacity limitation of developing countries. To help address this shortcoming, the more developed partners and related intergovernmental organizations such as UNCTAD should help provide technical assistance in investment policy formulation to attract foreign investment and to enable developing countries to reap benefits from FDI through the transfer of technology, management skills and contribution to the economic and social development of such countries. Increased emphasis on capacity building based on indigenous and traditional skills, as well as innovative interaction with the new knowledge society of information technology, is a new avenue to promote local and new sources of investment.

On the question of declining ODA for technical assistance to developing and least developed countries, this must be addressed by closer consultation among the parties concerned. In this regard, I have the pleasure to inform the Conference that, from 1st May of this year, the International Institute for Trade and Development in Bangkok, jointly established by the Royal Thai Government and UNCTAD, will start its technical cooperation programme to build up capacity for the developing and least developed countries in Asia in addressing the risks and challenges of globalization and promoting trade and investment in the region. I therefore wish to invite interested mem-

bers to participate in the Institute's work programmes and call on our development partners and related intergovernmental organizations to support the operation of the Institute.

The Thai Government is of the view that in addition to traditional models of socio-economic development, new alternative models must also be examined. We agree with the Consensus that the benefits of financing for development must target those who are most in need, namely the people at the grassroots level. We must eradicate poverty, directly and innovatively. Rather than using development funds merely to create basic infrastructure as in the past, Thailand is convinced that creating greater opportunities for the people to seek gainful employment, by expanding their access to capital, technology and new markets to better their lives, will be the new key to sustainable and sound growth.

Towards this end, my Administration has emphasized an 'outside-in' approach to tackling the nation's problems. Rather than presuming to know what is best for the people, we have sought their input regarding the main problems they would like the Government to solve and have incorporated this into the Government's policies. Having secured this valuable information, we then did our utmost to encourage public participation at every level in order to ensure that the people were also an integral part of the solution.

The promotion of microfinance or micro-credits are among the highlights of our policy strategy, with small and medium-sized enterprises serving as one of the new supports of our economic system. Equal emphasis has been placed on the revival of the agricultural sector, productivity improvements, and transformation to new market requirements as the backbone of our population. A debt relief workout programme has been implemented to give small-scale farmers a breathing space to restructure their productive capacity, thereby enabling them to become financially viable in the medium term.

The introduction of village revolving funds throughout the country provides a source of financing for rural employment and business community projects. The administration of the funds is carried out by a committee composed of the local villagers themselves. This peer group has a free hand in approving and setting the terms of the loans without any interference from the Government.

Meanwhile, the promotion of a champion product, or the so-called 'One Village, One Product' initiative, helps foster creativity and competition to improve productivity for the domestic and global market place wherever possible.

Finally, the establishment of a People's Bank for small-scale borrowers has served to provide financing for development at the smallest unit of production. At the outset, many critics had forecast that the borrowers would most likely default on their loans. After 8 months in operation, however, we found that the NPL rate for People's Bank loans amounted to only 0.3 per cent of total loans. This is a true testament to the pride that the people have in keeping their word and paying off their loans, if given the opportunity.

Development, of course, is also conditioned by the external environment, namely, global demand conditions, the stability of the financial and exchange rate system, and adequacy of external financing. To ensure that domestic initiatives remain sustainable, Thailand believes that a supportive international enabling environment is needed, particularly open market access for developing countries' exports, sound and coherent policies at the international level to ensure global financial stability and reduced exchange volatility, as well as a level playing field with proper safeguards.

We are all deeply concerned about the problem of uneven development, which has led to a widening gap between developed and developing countries. In these turbulent times, it is hoped that the industrialized nations would offer some kind of support, or 'hand-holding' to assist those who are less fortunate. Such support would help bring the less developed countries along and enable them to become better partners of the developed world in the future.

Thailand is mindful of the fact that mutual assistance and cooperation provide the best avenue for greater prosperity. Therefore, we have tried to reach out to our neighboring countries through various economic cooperation frameworks, such as the Greater Mekong Subregion. Our investment today in transportation networks, human resources, and science and technology will increase trade and employment, while building greater capacity for many generations to come.

Thailand is also ready to share with our development partners our experiences in areas of expertise, such as our war on drugs. This has been accomplished partly by promoting crop substitution programmes, both in our own country and our neighbours, thus creating an alternative source of income for the local people while helping to eradicate opium production.

At UNCTAD-X in Bangkok two years ago, we exchanged views on the causes and cures of financial crises, the imbalances of the international trading system, and other questions on financing for development. We also adopted the Bangkok Plan of Action, which laid down strategies to make economic globalization an engine for economic growth and development for all countries. Next month, Thailand will host the UNCTAD Midterm Review in Bangkok, with a Ministerial Round Table Discussion to assess global economic developments since UNCTAD-X. This international meeting, which will take place after three other important international conferences on development, namely, the Brussels LDC-III, the Doha WTO Ministerial Conference and this FfD Conference, will provide another important occasion for all of us to make an assessment of the progress of the implementation of the Bangkok Plan of Action and jointly formulate the development strategies and action plan for the next two years until UNCTAD-XI. Therefore, I wish to take this opportunity to invite you all to participate in this forthcoming meeting in Bangkok during 29 April to 3 May 2002.

In closing, my delegation wishes to express our sincere appreciation to the Government of Mexico for hosting this very important Conference, which has provided us all with the opportunity to discuss and jointly formulate strategies and action plans for financing for development.

The former Yugoslav Republic of Macedonia



President Boris Trajkovski of the former Yugoslav Republic of Macedonia.

Statement by
His Excellency Mr. Boris Trajkovski
President of the former Yugoslav Republic of
Macedonia
21 March 2002

It is a pleasure to be with you today, sharing the platform with such a group of distinguished individuals as we work toward developing a new dimension in development and as we pave the path toward the creation of conditions for sustainable development of the global economy, with a special emphasis on least developed and developing countries.

I want to begin my brief remarks by reminding all of us gathered here that the wealth and assets we have, collectively as countries and as individuals, are given to us to manage as responsible stewards, for our time on this earth. Whether we come from rich countries or poor countries, we must remember that our goals should be creating conditions that allow for individuals – our citizens – to reach and achieve their God-given potential. This is one reason why I am pleased that the goals we are working

FfD

toward achieving these few days are so clearly defined. The 'Monterrey Consensus' which will be the final output of this conference reflects the needed activities for the appropriate implementation of the new development agenda and provides for a way for stable financing of the same. In this regard, I congratulate all of those who have worked so hard on this document that is the result of long negotiations and preparation process.

Recently a representative from an international NGO working in Macedonia told me that one of the beneficiaries they work with stated, "...we are thankful for the blankets, stoves, windows and doors, but what we really need is jobs." This sums up our work here this week – how do we create jobs for individuals in countries such as Macedonia given the new development agenda of the world.

In order to finance development, we need global action first on a local level, then on a national level, then on a regional level and then on a global level in order to improve living standards for all. A global increase in the world economy will eventually provide for a decrease in poverty, a closing of the gap between rich and poor and implementation of the concept of sustainable development in every dimension. The success of the WTO Ministerial Conference in Doha and the successful outcome of the Monterrey Conference are a good basis for the success of the World Summit for Sustainable Development that will be the culmination of a cycle in determining a new agenda. This new agenda will make the benefits of globalization equally accessible to all states and people of the world.

As you all know, last year my country was a target of brutal attacks from extremist armed groups whose purpose was to destabilize Macedonia, to disrupt inter-ethnic cohabitation and the development of democratic processes. Thanks to responsible politicians, we have managed to find a political solution to the crisis. However, full stabilization of the country, requires economic recovery. In that respect, the international community last week at the Donors' Conference pledged €307 million, which was additional sign of support and recognition to the peace oriented policy of Macedonia.

However, allow me to send you the same message that the British Prime Minister, Mr. Blair, sent at the Summit of the 50th Anniversary of the Multilateral Trading System, to the world leaders after the signing of the Good Friday Agreement. I hope that you will all encourage your companies to look at the new opportunities for trade and investment that the Ohrid Agreement is bringing in Macedonia. That you

will help us bring economic prosperity needed to underpin peace. These investments and trade will be investment in peace and stability and will help us bring economic prosperity and strengthen democratic processes and the civil character of my country.

Entirely aware of the importance of international support, long term prosperity requires mobilization of domestic financial resources as an important engine of economic development. Unfortunately, negative experiences from the past, including the non-liquidity of banks, had a negative effect on level of the domestic savings which in turn had a negative effect in the lack of domestic capital and addiction to foreign credits and grants. However, despite numerous challenges such as an unstable region and the security crisis in my country, we have been able to succeed in increasing the personal national savings rate. Our ultimate goal continues to be an increase in domestic investments in the economy, especially in small and medium sized enterprises, which are the biggest engine of any economy.

While increasing domestic accumulation is a prime goal of ours, the attracting of foreign direct investments is also a priority. To achieve this, Macedonia is creating a legal framework that is guaranteeing the security of foreign direct investments. In addition, I would like to emphasize the need for a more active role of the international community. The Republic of Macedonia is an example of a country that has all the right conditions for attracting foreign direct investment but which has seen potential investors turn away due to the various conflicts in the region and the country. The international community should apply a so-called preventive economy – orienting and guaranteeing potential investors in countries that have come out from a conflict and which need sustainable stability.

The strengthening of international trade is also an important factor in the financing of development. The creation of a liberal multilateral trade system will considerably stimulate development and will produce certain benefits that are available to all countries. As a small country Macedonia can achieve growth only by creating an open market economy. In this context, my country has signed numerous free trade agreements and intends to reach such arrangements with all other countries from the region. Macedonia will fully support the new round of trade negotiations launched at the WTO Ministerial Conference in Doha and does identify herself with the need of all countries to take measures to strengthen their international trade. The international community should support the process of quick accession to the WTO of all interested countries.

Foreign debt is also an important element that has influence to the development capabilities of the countries. The rising debt crisis in the world has had an extremely bad influence on global economic development. That is why there is a need for action on the part of the international community to alleviate the negative affects of the debt crisis. We support the HIPC initiative and are pleased with the increase in the number of states that are a part of it. It is very important for us, as we stated in the preparatory process, for a mechanism that would provide for the partial pardoning of the debts of medium-developed, medium-indebted, and countries in transition.

In this regard, I would like to express my satisfaction with Article 50 of the Monterrey Consensus that deals with this issue. This article will help in searching for proper solutions in negotiations with the clubs of creditors and the Breton-Woods institutions. The Republic of Macedonia is a perfect example of a medium-indebted country that, before our recent conflict, had a rising economy.

In order to provide for further implementation of the long-term commitments of this conference, there is a need for improvement in the cooperation between Governments, international organizations and, the NGO sector within the framework of the agenda agreed on the conference. The UN system, and especially ECOSOC has a very important role to play, not least in the monitoring and coordination of the implementation process. Only with an active attitude and complete implementation of the obligations agreed on at this conference by all sides involved, can we create conditions for sustainable and long-term financing of development to the benefit of all of us.

In conclusion, I would like to reiterate that we must do a better job of reaching out to those who fear global economic development. There are many who are afraid of this trend and believe that those who have the resources do not want to share with those do not.

The people of Macedonia, and of the Balkans, are resourceful, creative, hardworking and energetic. We just need that hand up to help us achieve it. And that is why I am excited about our new agenda focusing on sustainable economic development. The responsibility of wealthier nations toward the rest of the world is to be responsible stewards of that wealth. The best way to accomplish that stewardship is through the promotion of sustainable economic development throughout the world and by helping less fortunate countries – but those that are willing to shoulder their share of the burden – to become more prosperous.

Togo



Prime Minister Agbéyomé Messan Kodjo of Togo. Photo: Luis Galan/Terra Networks.

Statement by
His Excellency Mr. Agbéyomé Messan Kodjo
Prime Minister of the Togolese Republic*
21 March 2002

It is a great honour for me to address this assembly on behalf of the President of the Togolese Republic, His Excellency Mr. Eyadema, who would have liked to have attended but was prevented from doing so at the last minute by his responsibilities of State. Accordingly, he sent me to Monterrey to express his solidarity and his overview of the problem, which will be at the forefront of our discussions during our stay in this beautiful part of the world. That is to say poverty, the development of which seems to challenge Man's intelligence and is a serious matter of concern to all.

* The text of this statement has been transcribed from audio recordings, as the original was not submitted to the Secretariat

After the Millennium Declaration in September 2000 and the Third United Nations Conference on the Least Developed Countries in May 2001, which enshrined the determination of the international community to eradicate poverty, this International Conference on Financing for Development attests to the fact that indifference and selfishness cannot prevail in this world that is marked by deeply rooted inequality. That is why it is a particular pleasure for me to pay tribute to the action of the United Nations and its Secretary-General, Mr. Kofi Annan, and congratulate them on their fight to promote peace and reduce poverty throughout the world.

On behalf of the Togolese delegation, I should like to tell you, Mr. President, and other members of the Bureau how very pleased we are to note your brilliant election. We are convinced that with the help of your experience, the Conference will achieve promising results that will bring sunshine and hope to millions of people who are watching Monterrey today.

Our epoch seems to disdain these moments of rapture that humanity has witnessed in the Copernican revolution, which was one of the greatest expressions. But progress today heralds a time of uncertainty because change occurs so fast and is stamped by growing poverty throughout the world. That is why eradicating poverty cannot conceal the responsibilities of the international community nor the shared efforts that must be made in this connection. Since the '50s, the planet's wealth has increased six-fold, whereas most of the world's average income has decreased, as has life expectancy. The three richest people in the world have a fortune that is greater than the gross domestic product of 48 of the poorest countries. The fortune of the 15 wealthiest individuals exceeds the gross domestic product of sub-Saharan Africa as a whole. Finally, the assets of the 84 richest people exceed the gross domestic product of China, which has 1.2 billion inhabitants.

That cannot be tolerated. The Third World countries stagnate because of the weight of their external debt. The interest payment has grown by 95 per cent. It now exceeds \$176 billion and has reached \$343 billion. Such difficulties lead us away from the theory of optimal resource allocation, which is so dear to the protagonists of liberalism.

In recent years the economic balance sheet in Africa has shown some weak growth, which has been mostly eliminated by demographic pressure. If the real growth of gross domestic product is approximately 3.4 per cent during the period 1995 to 2001,

the per capita ratio has declined to 1 per cent. That observation obviously fluctuates according to the geographical areas and even more according to the country level.

At the dawn of the twenty-first century almost half the population of the African continent lives below the poverty threshold on less than \$1 per day. Similarly, life expectancy and literacy rates are 52 years and 44 per cent respectively per individual. Those are the lowest rates in the world. The spread of HIV/AIDS and the persistence of malaria may eliminate any economic or social progress made in recent years. That should make it possible for Africa to reinforce its partnership with bilateral and multilateral financial institutions with civil societies and non-governmental organizations.

At this point in my statement, let me recall a few principles and methods that should underpin financing for development. They are intangible and universally-accepted principles that have been recognized by the international community as being the bible of universal morality, which should govern relations among nations.

The first principle is the settlement of disputes through negotiation, which will contribute to there being lasting peace, without which development is not possible. We must prevent conflicts by taking action to address the causes of instability in the world, mitigate internal tension through accelerated development and ensure respect for human rights.

The second principle is the application of the dual standard of morality in international relations that gives pride of place to diversity in economic, social and cultural situations throughout the world and rejection of a single mindset.

In this connection, we must go beyond the Washington consensus, which frequently weakens international economic decision-making centres in some countries, reduces the effectiveness of projects and programmes and implicitly promotes the waste of resources. We must ensure that there is a real dialogue between development policies in order to ensure that the interests of all dovetail. In other words, we must seek justice and equity in partnership – justice for the most fragile countries, and equity and just compensation for those who are doing without their savings in order to contribute to creating wealth elsewhere.

In other words, greater solidarity must bring together foreign investors and recipient countries with a long-term vision for development in order to provide us with the opportunity to modernize sectors that require great investment and to delay amortization of debt. We are thinking here of communication and economic infrastructures.

To close this chapter on principles, I wish to indicate that it is necessary for there to be fairness in international trade because a large number of the developing countries are engaged in unfair competition with developed countries by using non-tariff barriers, which have been promoted as being the hidden face of customs disarmament. Fairness towards all, solidarity with the weakest, dialogue, justice and equity, promoting peace, rejection of single mindsets and confining ethnocentrism must be the principles on which we must base the Monterrey Consensus, whose Declaration is designed to ensure the effectiveness of all investment and to promote sustainable development in developing countries.

Aside from these principles, mobilizing the international community for financing for development must be the subject of innovative methods, or at least improved methods, if we wish to move forward, away from the mistakes of the past, and abide by the spirit of the Millennium Declaration, which calls for more solidarity and effectiveness. From this standpoint, we must give pride of place to the measures of partnership, the measure of effectiveness and consolidation of change. At this crossroads of giving and receiving, we must ensure that efforts will be made in order to help everyone.

The expanse of the need of the continent requires that we streamline the clusters that we have set up over the past four decades. A new partnership must prevail over this in order to ensure that development will be given some revitalization. At a time when we are trying to make regionalization more profitable, Africa needs to optimize its efforts to make industrial investments profitable and to set up infrastructures that will make it possible for there to be economies of scale and make our economic areas more homogeneous.

The Togolese Government appeals to the international community and the wealthy countries to increase their direct investments, portfolio investments and official development assistance for Africa. That assistance has declined over the past decade. It has fallen below the 0.7 gross domestic product target that was established by the United Nations. But that target must be achieved by the year 2015. This partnership must work together.

We know that part of the difficulties have been caused by an appreciation of the dollar and the devaluation of some currencies. Although authoritative voices in developed countries have been comforting us in our belief – and we wish to thank them very much for speaking out – it is time for the financial community to consider formulating an international tax at \$75 billion. That would be one-third of the debt of developing countries. Mitigating the debt that our countries are awaiting within the context of the Heavily Indebted Poor Countries initiative remains complex. The results are mitigated.

I would be remiss if I did not say a few words about Togo's efforts to eradicate poverty. The socio-political crisis of the '90s and the suspension of financial cooperation with our country have contributed to increasing poverty and reducing the State's capability to intervene in order to deal with the phenomenon of growing pauperization of our population. Togo, with the support of its development partners, has been preparing a document on a strategy for eradicating poverty. Participants will agree with us that following that strategy cannot take place in a climate of suspension of economic relations. I want Togo to receive greater support in its efforts to eradicate poverty.

This is the vision of Financing for Development that should be given pride of place if we wish to accelerate the development of the weakest countries in accordance with the Millennium Declaration. This is a collective ambition and an act of solidarity that will make it possible for us to be successful as long as we cast aside selfishness. These times of uncertainty, fraught with speedy technological progress, is something we must overcome, and we must achieve a unified vision of the world free of waste, frustration, poverty, exclusion and misery to promote the reign of increased solidarity and lasting peace among men and nations throughout the world.

Tunisia



Prime Minister Mohamed Ghannouchi of Tunisia. Photo: Luis Galan/Terra Networks

Statement by
His Excellency Mr. Zine El Abidine Ben Ali
President of the Republic of Tunisia

Delivered on his behalf by
His Excellency Mr. Mohamed Ghannouchi
Prime Minister of the Republic of Tunisia
21 March 2002

We are pleased, at the outset, to extend our deepest thanks and great consideration to His Excellency, President Vicente Fox Quesada, as well as to the friendly people of Mexico; and to commend the excellent manner in which they have organized the proceedings of this summit. We should also like to recognize the steps taken by UN member states in preparing the conference document. We also extend to Mr. Kofi Annan, Secretary-General of the United Nations, our thanks for the laudable efforts he is exerting at the head of our prestigious organization.

Our hope is for the proceedings of this Conference to be crowned by practical decisions contributing to the entrenchment of progress and well-being for mankind, within a climate of coexistence, cooperation, and solidarity.

Tunisia is aware of the need to mobilize national resources and reinforce foreign investment to develop the economy and achieve prosperity, as well as the ensuing requirement: to carry out a fundamental and comprehensive reform at the national level and to initiate a true partnership at the regional as well as the international level.

Our country has embarked upon economic liberalization, convinced as it is that liberalization is an essential factor in successful development, taking into consideration notably social balances and the protection of vulnerable social categories against the hazards of marginalization and exclusion. Thus, we have encouraged free enterprise in all production sectors and issued a number of legal instruments covering the various structures of the economy, including the reform of taxation, the reinforcement of the monetary and financial system, and the upgrading of public enterprises operating within the competitive sector. We have also striven to encourage investment by setting up numerous facilities and incentives, within the framework of a unified investment code. Furthermore, we have developed a legislative framework for free trade zones and consolidated partnership with all countries.

The importance we attach to the establishment of balanced partnership relations, at the international level, stems from our resolve to meet the requirements of cooperation with regional groupings which are now a characteristic feature of our contemporary world; and to reinforce the attributes of a dignified life, for all nations and all peoples, within a comprehensive approach founded on a close interdependence between the requirements of security, peace, and development.

The debate that was started on this topic, during the latest session of the Davos World Economic Forum in New York, has confirmed the awareness of all parties, including the business sector, of the importance of cooperation for development. Indeed, peace and security could not prevail worldwide, unless all forms of poverty, marginalization, and exclusion are eliminated.

Based on the success of our experience in bringing down the poverty rate to the lowest level, through interventions by the National solidarity Fund, we have called for the setting up of a World solidarity Fund to help eradicate poverty and impel social development in least favoured countries. While noting with satisfaction the adoption of this initiative by the UN

General Assembly, we hope that appropriate mechanisms will be developed to establish this Fund as soon as possible, in line with the Millennium Summit Declaration on the eradication of poverty worldwide.

Based on the widening digital gap between industrialized countries and developing nations, we are convinced of the need to take the necessary practical measures to enable all states to keep abreast of technological progress and to take advantage of the broad perspectives provided by the information revolution and quickening economic changes. It is within this context that we situate Tunisia's initiative, submitted during the meeting of the International Telecommunications Union in Minneapolis, to host an international summit on the 'Knowledge Society'. In this regard, we should like to express our deep consideration to all those who have contributed with us for holding this summit in Tunis, in 2005.

We avail ourselves of this opportunity to invite the industrialized nations to further promote cooperation with developing countries in the areas of trade and finance and in sectors related to the environment; and to put into practice agreements reached in this area during the World Trade Organization (WTO) Conference in Doha.

The decision by donor countries to increase to 0.7% of GNP the size of public assistance to development is still difficult to achieve. Hence the need for common action to attain our goals, facilitate conditions for granting assistance, entrench international solidarity, and initiate a true partnership between donor countries and beneficiary countries. The experience of the past few years has shown the efficiency of complementarity between public assistance to development and the promotion of constructive trade relations, in accordance with the principles of the WTO, including the principles of preferential treatment for developing countries.

Tunisia had also warned against the grave repercussions of the continued and increasing debt burden on the economy of developing nations. This was done through the call to the G8, during its Toronto summit in 1989. Tunisia has continued its efforts in the same vein, during later meetings, the latest being the Havana South Summit; it has also addressed a message to this effect to the Okinawa

Summit. We take this opportunity to express our consideration to those states which have written off, totally or in part, the debt owed by least advanced countries and exhort the other industrialized nations to follow their example. Furthermore, we call for the specific characteristics of debtor nations to be taken into consideration in dealing with the debt issue. Indeed, there is no justification for excluding medium-income countries from appropriate facilities, following the considerable efforts they have made to introduce structural adjustments within their economies and meet their commitments, while relying essentially on their own capabilities.

While underscoring the need to reinforce the harmonization of trade, financial, and monetary policies worldwide and to intensify cooperation between the various specialized international institutions and organizations, we advocate that the United Nations Organization remain the appropriate framework for the attainment of such objectives. To do so, the UN should promote its action in the economic field and rationalize coordination with specialized UN and other international organizations, to ensure an enhanced interdependence of issues related to security, peace, and development. This is, in fact, the approach advocated by Tunisia when it assumed the presidency of the UN Security Council in February 2001.

The current economic situation worldwide dictates that all states reinforce their relations of cooperation and solidarity so as to establish a just and balanced economic order fostering a true partnership between developing countries and advanced nations and, hence, consolidating security and stability worldwide.

We hope that this international Conference will serve as an effective starting point in building international relations entrenching such objectives and orientations and paving the way for a better future for all mankind.

United States of America



President George W. Bush of the United States of America.

Statement by
His Excellency Mr. George W. Bush
President of the United States of America
22 March 2002

Good morning. We meet at a moment of new hope and age-old struggle, the battle against world poverty. I'm honoured to be with so many distinguished leaders who are committed to this cause. I'm here today to reaffirm the commitment of the United States to bring hope and opportunity to the world's poorest people, and to call for a new compact for development defined by greater accountability for rich and poor nations, alike.

I want to thank Vicente Fox, el Presidente de Mexico, and the people of Monterrey for such grand hospitality. I want to thank Kofi Annan for his steadfast leadership. And I want to thank the distinguished leaders who are here for your hospitality, as well.

Many here today have devoted their lives to the fight against global poverty, and you know the stakes. We fight against poverty because hope is an answer to terror. We fight against poverty because

opportunity is a fundamental right to human dignity. We fight against poverty because faith requires it and conscience demands it. And we fight against poverty with a growing conviction that major progress is within our reach.

Yet, this progress will require change. For decades, the success of development aid was measured only in the resources spent, not the results achieved. Yet, pouring money into a failed status quo does little to help the poor, and can actually delay the progress of reform. We must accept a higher, more difficult, more promising call. Developed nations have a duty not only to share our wealth, but also to encourage sources that produce wealth: economic freedom, political liberty, the rule of law and human rights.

The lesson of our time is clear: When nations close their markets and opportunity is hoarded by a privileged few, no amount – no amount – of development aid is ever enough. When nations respect their people, open markets, invest in better health and education, every dollar of aid, every dollar of trade revenue and domestic capital is used more effectively.

We must tie greater aid to political and legal and economic reforms. And by insisting on reform, we do the work of compassion. The United States will lead by example. I have proposed a 50 per cent increase in our core development assistance over the next three budget years. Eventually, this will mean a \$5 billion annual increase over current levels.

These new funds will go into a new Millennium Challenge Account, devoted to projects in nations that govern justly, invest in their people and encourage economic freedom. We will promote development from the bottom up, helping citizens find the tools and training and technologies to seize the opportunities of the global economy.

I've asked Secretary of State Powell, Secretary of Treasury O'Neill to reach out to the world community to develop clear and concrete objective criterion for the Millennium Challenge Account. We'll apply these criterion fairly and rigorously.

And to jump-start this initiative, I'll work with the United States Congress to make resources available over the 12 months for qualifying countries. Many developing nations are already working hard on the road – and they're on the road of reform and bringing benefits to their people. The new Compact for Development will reward these nations and encourage others to follow their example.

The goal of our development aid will be for nations to grow and prosper beyond the need for any aid. When nations adopt reforms, each dollar of aid attracts two dollars of private investments. When aid is linked to good policy, four times as many people are lifted out of poverty compared to old aid practices.

All of us here must focus on real benefits to the poor, instead of debating arbitrary levels of inputs from the rich. We should invest in better health and build on our efforts to fight AIDS, which threatens to undermine whole societies. We should give more of our aid in the form of grants, rather than loans that can never be repaid.

The work of development is much broader than development aid. The vast majority of financing for development comes not from aid, but from trade and domestic capital and foreign investment. Developing countries receive approximately \$50 billion every year in aid. That is compared to foreign investment of almost \$200 billion in annual earnings from exports of \$2.4 trillion. So, to be serious about fighting poverty, we must be serious about expanding trade.

Trade helped nations as diverse as South Korea and Chile and China to replace despair with opportunity for millions of their citizens. Trade brings new technology, new ideas and new habits, and trade brings expectations of freedom. And greater access to the markets of wealthy countries has a direct and immediate impact on the economies of developing nations.

As one example, in a single year, the African Growth and Opportunity Act has increased African exports to the United States by more than 1,000 per cent, generated nearly \$1 billion in investment, and created thousands of jobs.

Yet we have much more to do. Developing nations need greater access to markets of wealthy nations. And we must bring down the high trade barriers between developing nations, themselves. The global trade negotiations launched in Doha confront these challenges.

The success of these negotiations will bring greater prosperity to rich and middle-income and poor nations alike. By one estimate, a new global trade pact could lift 300 million lives out of poverty. When trade advances, there's no question but the fact that poverty retreats.

The task of development is urgent and difficult, yet the way is clear. As we plan and act, we must remember the true source of economic progress is the creativity of human beings. Nations' most vital natural resources are found in the minds and skills and enterprise of their citizens. The greatness of a society is achieved by unleashing the greatness of its people. The poor of the world need resources to meet their needs, and like all people, they deserve institutions that encourage their dreams.

All people deserve governments instituted by their own consent; legal systems that spread opportunity, instead of protecting the narrow interests of a few; and the economic systems that respect their ambition and reward efforts of the people. Liberty and law and opportunity are the conditions for development, and they are the common hopes of mankind.

The spirit of enterprise is not limited by geography or religion or history. Men and women were made for freedom, and prosperity comes as freedom triumphs. And that is why the United States of America is leading the fight for freedom from terror.

We thank our friends and neighbours throughout the world for helping in this great cause. History has called us to a titanic struggle, whose stakes could not be higher because we're fighting for freedom itself. We're pursuing great and worthy goals to make the world safer, and as we do, to make it better. We will challenge the poverty and hopelessness and lack of education and failed governments that too often allow conditions that terrorists can seize and try to turn to their advantage.

Our new approach for development places responsibility on developing nations and on all nations. We must build the institutions of freedom, not subsidize the failures of the past. We must do more than just feel good about what we are doing, we must do good. By taking the side of liberty and good government, we will liberate millions from poverty's prison. We'll help defeat despair and resentment. We'll draw whole nations into an expanding circle of opportunity and enterprise. We'll gain true partners in development and add a hopeful new chapter to the history of our times.

May God bless you all.

Uruguay



President Jorge Battle Ibáñez of Uruguay.

Statement by
His Excellency Mr. Jorge Battle Ibáñez
President of the Eastern Republic of Uruguay*
21 March 2002

I promise that I shall be very brief.

I am the President of Uruguay, as was stated by our friend Paco Flores. Uruguay is the smallest country in South America. We have 3.4 million inhabitants and 187,000 square kilometres. Fortunately, we have no illiteracy. We have overcome that. Our education is free. I personally went to public school, public high school and the university of the Republic, as have all other Uruguayans. Of the population, sixty-five per cent own their own homes. There are 500,000 computers in my country. Our telephone system is 100 per cent digital and covers the entire national territory.

In addition to this, we have free elections. There is freedom of the press. There are no prisoners of conscience. Our President is elected and changes every five years through a free, secret and universal voting system, and there is no re-election. We do not stay in power for 40 or 45 years.

* The text of this statement has been transcribed from audio recordings, as the original was not submitted to the Secretariat

The reality of 50 years ago, which gave rise to the world's course in terms of the various global institutions and organizations, has not yet been adapted to the changes that have since occurred. We are still in the times of Malthus and Hobbes. There has been a huge increase in the population, of which the weakest are the fastest growing in terms of the family unit, if it still exists. There is an enormous concentration of population in urban areas – Latin America being one example. They are populations who cannot maintain themselves on economies based on family agriculture and who move to the cities. Indeed, this situation even affects rural populations of countries with strong subsidies.

This situation, combined with a definite dichotomy in the treatment of trade structures and customs barriers that are high for agriculture, which are essentially managed by the developed countries and, at the same time, from GATT to now, has induced us to show the benefits and efficiency of low custom barriers for industrial products and services. Uruguay agrees with that second point of view. The weakest countries, instead of being able to improve their situation, have seen it worsen. This has also meant that these three elements combined have become an explosive mix in the world today that not only prevents the improvement of the weakest, but worse still, causes regression, because only the negative factors increase. That this weakens governments should also be considered. It weakens their capacity to exercise their functions and confuses the population about the appropriate solutions for their problems.

Uruguay is happy to participate responsibly, as it always has, in forums such as this one. We are grateful to Mexico, its people and President Fox for the fine job they have done in organizing this important meeting. We welcome the effort being made by the international credit institutions of which we are members and with whom we have always worked successfully and shall continue to do so; with the International Monetary Fund, whose statement made by Dr. Köhler here we applaud and agree with, the World Bank, the Inter-American Development Bank and the strong participation of the World Trade Organization, whose statement Uruguay endorses.

We welcome the actions of developed countries, particularly the Government of the United States, whose President, Mr. Bush, has sent clear signals of increased aid to the poorest countries. However, we stress that a true opening of markets remains the best way to fight poverty.

Finally, Uruguay wishes to reiterate that diseases are cured by attending to their causes, not by reducing their symptoms.

Venezuela



President Hugo Chávez of Venezuela.

Statement by
His Excellency Mr. Hugo Chávez Frías
President of the Republic of Venezuela*
(on behalf of the Group of 77 and China)
21 March 2002

One of the most distinguished people of Monterrey and one of the greatest humanists of America was undoubtedly the poet Alfonso Reyes, who wrote his romance of Monterrey in 1911 in the midst of the turbulent Mexican Revolution and almost at the same time that Francisco Madero and Pancho Villa went through Monterrey with their troops and dreams. In the distinguished romance of Monterrey the poet wrote a verse that I want to cite here today, perhaps having been motivated by our friend and brother, President Fox, when he referred to the spirit of Monterrey almost a century later.

“Monterrey of the mountains,
You who are level with the river,
I do not know why you do not raise a cry to God
to correct the situation and strengthen sense,
and tell nature to straighten what is twisted.”

* The text of this statement has been transcribed from audio recordings, as the original was not submitted to the Secretariat

That is what the poet said. From this rostrum, having the privilege and the honour of addressing all the peoples of the world, I ask all leaders and representatives present to raise a cry to God so that, as Alfonso Reyes said, we will strengthen sense and straighten what is twisted.

That is the first idea that I want to express here in my capacity as Chairman of the Group of 77 and China and particularly on behalf of the poor of the planet – not just on behalf of the 1.5 billion absolute poor of the Third and Fourth Worlds, but also of the over 200 million who live in the First and Second Worlds. Many of them are aware of this summit meeting, although I am sure that the majority do not even know we are here. But their fates and lives depend to a large extent on what we have begun to debate here today.

The first idea has to do with the need for us all to acknowledge, not only on paper or through the written or spoken word, but in the deepest part of our consciences, that the world is not only twisted; I would say, along with Eduardo Galeano, that the world is upside down. In addition to the cry of God and the cry to God, the leaders of the world meeting here can and must do a great deal to straighten it out.

The second idea has to do with precisely that. We must do, not just say what we are going to do. What better scenario is there than this, with the presence of leaders and Heads of State or Government of the world, to make real decisions to transform the world, to save the world, because the world as it is, in my judgement, is not viable in the long term. We are destroying the world.

We have many poor examples of what we have said and have written and of what we have not done. There was the Earth Summit in Rio de Janeiro ten years ago, in 1992. An evaluation made in recent years shows that from that Summit to date we have continued to destroy tropical forests and the once-fertile soil which is now desert. Over 250,000 plant and animal species have become extinct. They were extinguished. The environment continues to be polluted. The climate is experiencing the most atrocious changes that have occurred in the past 10,000 years, as has been acknowledged by scientists. The Millennium Summit was a year and a half ago. We made a Declaration. We should wonder a year and a half later what have we done to begin to fulfil those noble challenges that we set ourselves to achieve by 2015, to reduce poverty by one-half and to see to it that all boys and girls receive free education and the right to life and health. Have we taken any crucial

decisions over the last year and a half? We have not seen them anywhere. Real decisions that change the world have not yet been made.

Regarding the third idea on Financing for Development, what type of development are we talking about? We must define that. The Johannesburg Summit to be held in a few months' time will be timely, because the development model of the North very often has been the cause of the underdevelopment of the South. It has been shown in some cases that if the entire world acquired the standard of living of the most developed countries of the world, 10 planets similar to the Earth would be necessary to sustain life on the planet. So we should define well where we are going, what kind of development we are talking about and what we are going to finance and develop.

Of course, the United Nations has been guiding development. The United Nations Development Programme is a wonderful instrument. We recommend that Heads of State or Government follow it carefully. Certainly that is the development that we must finance with urgency. We must address human development with urgency. As we all know, the United Nations Development Agency has established three basic variables for human development: first, life expectancy and health; second, education, school enrolment and quality of education; and third, the level of real family income. These are three variables on which we have to work very hard today, not tomorrow. They continue to deteriorate.

The fourth idea I want to place on the record is a question. What are we going to do? There are some very positive ideas in the Monterrey Consensus, but I think that we have to give them time and space. We have to begin with the highest priorities, the most pressing items. At the Millennium Summit and the Americas Summit, Venezuela made a proposal to declare a social emergency. We referred to America, but I think it applies to the world. We must recognize that the world is experiencing a very serious social emergency, we must declare that and we must act accordingly. I would like to propose that while the International Monetary Fund exists, it is not the tool necessary for the struggle of the lives of billions of people. No, it was not created for that.

I propose that we discuss with urgency the creation of new tools. Why not consider an international humanitarian fund? We would only change a few words – Monetary to Humanitarian. How would we nourish that international humanitarian fund right now? A percentage of foreign debt? We are not talking about debt relief. That is like treating a mortal ill-

ness with paper towels for the peoples of the planet. Of the foreign debt of the developing world, of the world of the poor, 10 per cent could be targeted right now at saving billions of lives; 10 per cent of the world's military expenditure would save billions of people. If tanks, smart bombs and aeroplanes were no longer built, I think that we would save many lives immediately. A percentage of drug traffic confiscation, international corruption and, something very important that has been debated but has never been decided, a world tax on speculative transactions and tax havens could also be used. But it is time to make decisions, not just talk. We must act. We have an emergency in the world.

I will not speak at great length. I will just recognize the effort of the Group of 77 and China after lengthy deliberations to reach a consensus, which we have brought here. But behind that consensus, there are truths. Consensus cannot be absolute. Absolute consensus does not exist. It is impossible. There are a few important ideas. Every country is asked to take the national initiative of mobilizing resources for development; that is true, relatively speaking. There is a set of countries in the world where 500 million people live that do not have the ability to mobilize a cent for development. That is true.

However, the mobilization of international resources has been requested – that is the second item of this Conference and Consensus. We must change how we mobilize international resources. We have to change the terms of conditions. For example, the President of the International Monetary Fund says that it is reviewing its structures. We welcome that. The structural packages of the International Monetary Fund have often been mortal poison for our peoples. The so-called structural adjustments have caused rebellions, coups d'état, wars, uncertainty and death for the peoples of the third and fourth worlds. We must review that urgently. We must treat countries in accordance with their degree of development or underdevelopment.

President Fox says that my time is up. I will end in a minute, but the Presidents of the international financial institutions also ran over their time, did they not? They talked a lot. I think we heads of State have much to say here. I am sorry to answer you, Mr. President, in that way, but I have come to talk on behalf of the Group of 77 and China. We have much to say, but I will finish in a minute. I promise. I ask for a cry to God.

On international trade, how long will the first world continue to subsidize its agriculture? The agricultural subsidy in the first world is billions of dollars a day, and it demands that we subsidize ourselves. That is not just unfair; it is immoral. We also need a new ethical architecture in the world. How can what is not done be demanded and what is not done be claimed? The world of the South demands that the subsidies for production in the First World end.

Finally, we will comply with the 0.7 per cent target of the gross domestic product agreed to more than 30 years ago, which would give us approximately \$200 billion; enough resources for human development. The same applies to foreign debt. Truly, many peoples of the world cannot pay their foreign debt. In three years Venezuela has paid \$13 billion, despite our poverty and our disaster. We are paying the debt, and we are responsible for it, but the same is not true for many other peoples of the world. In the past few years, the South has paid \$800 billion in interest to the North and has paid another \$800 billion in capital. The debt continues to be the same. It does not decrease. If anything, it increases. Debt is a strange monster. We continue paying. It does not decrease; it continues to grow.

I bring all these ideas on behalf of the peoples of the South, which has been my privilege to voice. I give voice to criticism to find consensus on differences and to move on with the spirit of Monterrey, the spirit of Mexico, the spirit of justice and the spirit of Simon Bolivar. Let justice triumph, and freedom will triumph.

Financing for Development Building on Monterrey



Heads of State and Government and other Heads of Delegation meet at the Monterrey Summit, 21-22 March 2002.



Heads of delegation meeting in the Summit plenary session at the International Conference on Financing for Development in Monterrey, Mexico.

Chapter 4

Monterrey Summit

21-22 March 2002

Speeches by
Other Heads of Delegation

Speeches
by Other
Heads of

Delegation

Andorra

Statement by
Mr. Jaume Gaytán
Director of Multilateral Affairs and
Development Cooperation
The Principality of Andorra

It gives me great pleasure to be here today and to be able to share with you our ideas and concerns on financing for development. The Minister for Foreign Affairs, H.E. Mr. Juli Minoves, has asked me to convey to you Andorra's commitment to the fight against poverty and the solidarity of my country with the developing world.

We are pleased to note that it is one of the rare occasions where we achieve consensus on the text before the Conference itself! This not only shows the support of the international community for the process of financing for development but also bears witness to the tireless efforts of the co-chairs of the Preparatory Committee. Reaching a consensus before the Conference has also enabled us to concentrate on the core of the matter during these days and made it easier to exchange opinions and stand points.

The Principality of Andorra considers that, as it is stated in the Monterrey Consensus, 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 (...)". From our point of view, the achievement of this goal requires a new partnership between the developed and the developing countries.

This partnership requires the international community to accord the greatest respect to the undertakings made in the Millennium Declaration, the Programme of Action for the Least Developed Countries and the Fourth Ministerial Conference of the World Trade Organization in Doha.

In the first place, Financing for Development implies a sustainable mobilization of resources at both national and international levels. As I have already said, the partnership is a double one. On the one hand it seems to us basic that there should be good governance at the national level. This will facilitate investment in basic social and economic services. We believe that a sustainable investment in human capital is the condition sine qua non for eliminating poverty. But a solid basis is only the beginning of any construction. This is why, on the other hand, every

national effort should be complemented by a sustainable harmonized management of the international flows of private capital and international financial stability.

In the second place, and more concretely, we believe that the level of external debt may compromise the level of the mobilization of national resources and of international resources at the long run. Certainly, a sustainable financing of external debt is a good tool to mobilize resources allocated for public and private investment in order to eliminate poverty and obtain a sustainable development. In the case of heavily indebted poor countries we are pleased to see that there is the strengthened HIPC Initiative to reduce their debt. This initiative needs the firm support of the international community if the countries in question are to have the chance of improving and strengthening their policies for development.

We note that there are important international efforts to reform the international financial architecture. But this work must be intensified. Particularly, we believe that multilateral financial institutions such as the International Monetary Fund must direct their efforts to defining and preventing possible crises. In the case of a crisis, we believe that its management should include and respect national goals for development and particularly policies for the eradication of poverty.

To conclude, Mr. President, we wish to reiterate the firm commitment of the Principality of Andorra to the process of Financing for Development. In Andorra this commitment is a double one: On the one hand there is government participation in specific funds and programmes such as the United Nations Development Programme, the World Food Programme and the United Nations Fund for Population, and on the other hand there is the cooperation through agencies or the governments of the countries concerned. These participations have not ceased to grow since Andorra joined the United Nations. But I should also stress the role of Andorran civil society, which has always shown its solidarity through the various Non-Governmental Organizations in a decided and constant fashion.

To finish, I wish to stress that in order to consolidate this process the Government of Andorra has set up the Department of Multilateral Affairs and Development Cooperation, which I have the honour to lead. This step forward affirms our commitment not only to the process of development but also to its financing.

Antigua and Barbuda

Statement by
His Excellency Hon. Gaston Browne
Minister of Planning, Antigua and Barbuda

This Conference on Financing for Development provides a welcome opportunity for the International Community to affirm the critical importance it attaches to global development. It should also serve to confirm the obligations and responsibilities of developed and developing countries in achieving the objectives of the Millennium Summit. I wish to remind the international community of the words of my Prime Minister, the Honourable Lester Byrant Bird who, in his address to the Millennium Summit, called on the international community “to surprise all the millions of people who live in abject poverty”. Now is the time for us to show the world that we are serious about addressing the twin issues of poverty and development, by putting our words into action.

I wish to endorse the statements made by His Excellency President Hugo Chávez and the other developing countries that have already spoken. There are, however, some specific concerns that I would like to highlight from the perspective of a small island developing state. The Monterey Consensus fails to acknowledge the heterogeneous nature of developing countries. It also overlooks the fact that there is a subset of developing countries, namely small island developing states (SIDS), with peculiar vulnerabilities and characteristics because of their size, i.e. small domestic markets, limited resources, excessive dependence on international trade and overall fragile physical environment.

As a small island developing state, we are aware of our obligations and have over the years utilized our limited domestic resources, official development assistance (ODA) and Foreign Direct Investments (FDI) optimally to develop our health care, educational system, utilities, telecommunications, air and sea ports. This resulted in unprecedented rates of growth during the eighties and early nineties. However, today, in the absence of ODA and declining FDI we have experienced a substantial reduction in the rate of growth to a low of 1.5% for 2001.

It is obvious that despite our commitment and creative efforts to manage and develop our economies there are certain exogenous factors mitigating against development in small states such as Antigua & Barbuda. We have played by the rules of globalization, while the developed countries have exempted themselves – particularly in the areas of agricultural and textile production which are still subsidized and protected. We have opened up our economies to the goods of developed countries but instead of benefiting from increased trading opportunities and investments we have experienced a reduction in the export of goods and services and a redirection of investment flows to developing countries with larger populations, greater economies of scale and hence profit potential.

We have sought to diversify our economy into offshore financial services to reduce our vulnerability and to provide jobs for our people. But again, rather than reaping the benefits of economic development, we were subjected to the aggression of the OECD. Mr. President, we are fully supportive of efforts toward creating a sound international financial services architecture. However, these efforts must be made equitably, in the spirit of true partnership.

Antigua & Barbuda, like other small island states, is faced with a number of developmental challenges including an unsustainable debt burden as a consequence of:

- An extremely small tax base,
- The lack of natural resources
- Lack of access to ODA,
- Substantially reduced foreign direct investment flows and
- Lack of access to capital markets

We have had to borrow at commercial rates of interest to finance our development. In addition we have had to bear the consequences of increased exposure to global environmental risk and as a result have been struck by five hurricanes during the past seven years. This has resulted in repeated borrowings at commercial rates of interest to reconstruct our damaged socio-economic infrastructure.

We hereby call upon the international community to expand the Highly Indebted Poor Country (HIPC) initiative to include debt relief for vulnerable small island states. It is my fear that in focusing exclusively on HIPC, the international community may fail to support the efforts of the vulnerable middle. What good would the Monterrey Consensus serve if it allows these vulnerable middle-income countries to degenerate into poverty?

Whereas we welcome the increased pledges by the European Union and the United States, it is regrettable that developed countries as a whole, despite their virtual monopolization of global resources and unprecedented prosperity, have, after three decades, failed to meet their commitment of ODA of a mere 0.7% of GNP. If the past is any guide to the future, it would suggest to me that Monterrey would be yet another talk shop. But I am hopeful that Monterrey may be that point of departure for a new world order in which developed and developing countries will work in partnership to rid the world of poverty.

Australia

Statement by
The Honourable Ms. Christine Gallus, M.P.
Parliamentary Secretary for Foreign Affairs, Australia

The central message of the Monterrey Consensus is that development is a complex challenge. Eradicating poverty and delivering prosperity to all our people require sustained and coherent effort – across all areas of public policy, and from all players at the domestic and international levels.

I have been struck this week by a welcome convergence of views between developed and developing countries, and between government, business and civil society. There is a consensus that development financing can no longer be seen in terms of traditional development assistance alone. The continuing importance of ODA is undeniable. But it is only one of a number of interrelated responses that, together, contribute to development.

Sound domestic economic policy settings and strong domestic institutions are crucial to attracting investment and sustaining growth. So is sound governance, both public and corporate. And interna-

tional economic and financial frameworks have to allow developing countries to compete for investment and gain access to markets.

It seems to me that if there is one theme that has emerged in Monterrey this week it is that there has to be greater coherence and consistency in our approach. My government agrees absolutely. I want to give two practical examples to illustrate the point.

Much of the benefit of ODA is undermined by distortions in the international trading system. Agriculture accounts, on average, for seventy per cent of employment and thirty per cent of production in developing countries. Yet developing countries are often excluded from export markets by tariffs, quotas and subsidized exports from high-income countries.

According to the World Bank, high-income countries spend US \$350 billion a year – nearly \$1 billion each day – on agricultural protection and support. This is seven times greater than the amount these countries provide in ODA, and twice the value of agricultural exports from all developing countries.

Clearly, if we are serious about financing development, we must tackle these distortions and ensure that trade can play its critical role as an engine of growth for developing countries.

My second example draws on Australia's own efforts to promote coherent approaches to development in the Asia-Pacific region – a part of the world which is home to two-thirds of the world's poor and still faces enormous development challenges.

Our approach aims to assist developing countries meet their own development goals through agreed development frameworks, strengthened institutions and improved policy settings. We work closely with national governments, other donors and the international financial institutions to maximize the impact of our development assistance and ensure that donor support is integrated within the recipient country's own development agenda.

The Monterrey Consensus points the way ahead. The challenge of financing development is one we must tackle together – with creativity, cooperation, coherence of effort and, above all, with an unwavering commitment to assisting those in need.

I thank you, Mr. President, and the governments of Mexico and Nuevo León, for your outstanding hospitality and for the contribution this conference has made to this important cause.

Austria

Statement by
Mr. Franz Morak
State Secretary of the Austrian Federal Chancellery

Austria takes particular pleasure in the fact that this historic conference takes place in Monterrey in Mexico.

We recall that it was under the co-chairmanship of Mexico and Austria that the first North-South conference was prepared and took place in Cancun in 1981. It is interesting to note that many of the Mexican protagonists of Cancun are still around, and we might also point out that Mexico has a particular position and talent to play the role of bridge between the North and the South.

Austria welcomes the EU Commitment to reach an average of 0.39 per cent of Official development Aid (ODA) of Gross National Income (GNI) by 2006 as a concrete step forward to achieving the internationally recognized goal of 0.7 per cent. Austria is committed to that goal.

However, the improvement of the economic and social situation in developing countries does not solely depend on the amount of external financial inflows. In pursuance of true ownership, the developing countries must be enabled to create and extend their basic political, economic and social structures. This is a precondition to target development assistance effectively and more efficiently. Therefore the Austrian Development Cooperation puts high priority on capacity-building, including democracy-building, the improvement of public administration, and programmes for conflict prevention, education and basic health.

Good governance, the rule of law, respect for human rights, development, peace and democracy do not exist in isolation; they are also indispensable requirements for economic and social development. Governments have to create the conditions for economic growth through investment for social justice and for offering the entire population education, health and other social services.

Good governance is led by the State, but transcends it by collaborating with the private sector and civil society. All three domains are critical for sustaining human development. The state is to create a conducive political, economic and legal environment

while the private sector is to generate jobs and income. The civil society facilitates political and social interaction and mobilizes groups to participate in economic, social and political activities. All this would not be sufficient without economic growth, without the private sector. Much has been said after Doha about the role of trade and the necessity for better market access.

But even before trade, goods have to be produced and it is in this area where we believe that particular efforts are required. All this needs to be done. We are aware money is not everything. However, it is equally true that we cannot succeed without money.

In Cancun, only 22 countries were present. Today, in Monterrey, over 160 countries, countless NGOs, private sector representatives and the whole UN and World Bank system are taking part. This is a truly global conference and therefore it points the way forward.

Let us therefore combine our strengths, cooperate in our efforts and commit ourselves to the pursuit of the Millennium Goals. This will be the challenge of Johannesburg and the road leading there. The International Conference for Financing for Development in Monterrey has put us on the right track. Now let us get going and put words into actions and ideas into reality.

Azerbaijan

Statement by
Mr. Altai Efendiev
Chairman of the Delegation, Republic of Azerbaijan

It is a great honour, privilege and responsibility to represent my country at this high Forum. Let me start with emphasizing the importance and significance of the spirit and objectives of the Monterrey for the countries like Azerbaijan. As a young state in transition and land-locked country, Azerbaijan falls into the group of the most vulnerable countries in the ever-globalizing economy and among those who are in most need of international assistance. A conducive external environment is critical for the sustainable development of these countries. Therefore, banging the needs of countries like Azerbaijan into the focus of the Monterrey Consensus as well as commitments for development aid made by the donor community conveys encouraging messages as well as raises our hopes and expectations for a better future.

However, we clearly understand that in mobilizing resources for development major emphasis should be put on the national level. Sound market-oriented reforms, democratization of all spheres of social life, and integration into the world economy reveal enormous potential both inside the country as well as attract so much needed external resources for development.

Coherent and consistent policies of comprehensive reforms for the last 7 years in close cooperation with all major international institutions succeeded in achieving impressive results in macroeconomic stability, structural changes, attracting FDI, as well as ensuring overall growth. Just a few figures to illustrate: Average inflation rates remained at a level of around 2-3% while exchange rates against major currencies have been stable even during the recent financial crisis.

The share of the private sector in the economy exceeded 70% thus transforming private initiative and entrepreneurship into a driving force of developing and shaping the new economy. Level of private investments approaching US \$10 billion mark of which about US \$7 billion are FDIs. FDI measured per capita is one of the highest indicators among countries of Eastern Europe. As a result, Azerbaijan experienced one of the highest average growth rates at the level of 8-10%.

However, prospects for growth are even higher in the coming years as the country enters into the full-phased development of its natural resources, implementation of regional infrastructure projects, and progressing with large-scale privatization.

Handling and managing the expected massive inflows of resources in a most efficient way, transforming potentially high growth into sustainable development is one of the major challenges facing the country. To this end, building up adequate institutional infrastructure, enhancing institutional capacities, introducing good-governance practices, pursuing radical structural and administrative reforms, implementing poverty reduction strategy, SME and non-oil sector development are at the core of economic policy and are the areas where international assistance and expertise are most needed.

We recognize that regional cooperation and trade are powerful instruments in efficient utilization and allocation of resources from the point of economy-of-scale consideration. Utilizing its natural and geographical comparative advantages and sharing their benefits, Azerbaijan is contributing to the development of regional cooperation through participation

in a number of regional economic organizations. Azerbaijan is also actively involved in the implementation of large regional infrastructure projects such as the development of multiple pipeline routes for export of Caspian oil and gas to international markets as well as a transport corridor – Europe-Caucasus-Asia, linking two major global economic power centres – Europe and Asia. We are signatory to a number of free-trade agreements, and accession to the WTO and integration into the multilateral trade system is on top of the economic agenda.

Notwithstanding the optimistic prospects for development drawn above, resources needed to tackle the pressing needs of the country and those for development now are much higher. And here I ought to draw the attention of the high audience to another most serious and acute problem the country has been confronting for over a decade. As many of you might know Azerbaijan is affected by one of the most protracted conflicts unprecedented in its scale and the magnitude of consequences and implications. As a result of the aggression, a fifth of the territory is under occupation and over a million refugees and displaced persons (every 7th person) are scattered across the country, living in temporary camps in misery and poverty. Needless to say, this imposes an enormous burden on the economy and society, and it has most serious implications on the mobilization and distribution of resources for development.

More aid is badly needed to tackle the problems of refugees and displaced people and to prevent further degradation and human tragedy, to help them to remain as productive part of society and get involved in social and economic activities.

Conflict and its consequences are also seriously impeding cooperation and development on the regional level by distorting economic rationale and efficient allocation of resources, badly affecting the attractiveness of the region and discouraging FDIs. Occupied territories are used for drug trafficking and smuggling of arms and human beings. This is why conflicts and conflict-affected areas should be the focus of the international community as well as adequately reflected in the Monterrey Consensus. In that respect I would like to share with you some considerations with regard to coherence and consistency in providing international aid to conflict-affected areas.

To our belief, aid should be viewed as a powerful tool to promote and endorse the basic values and spirit of the UN Charter and Millennium Declaration, as well as the norms and principles of international law. Aid is a channel for communicating

a message and the message should be clear, unbiased and unequivocal, eliminating the risks of indirect financing of the conflicts. Therefore, compliance of the recipient countries with the abovementioned norms and principles should be a stringent criteria for providing development aid. We all should be more coherent and consistent in pursuing policies along the agreed rules if we sincerely want to build a better common home.

For the time being, Mr. President, while whole-heartedly supporting and endorsing the Monterrey Consensus, I would like to make my country's reservation with regard to the provision concerning subregional cooperation. Obviously and understandably we cannot commit ourselves to all-inclusive cooperation within the South Caucasus until a just and lasting settlement of the conflict.

In conclusion, let me voice once again our support for the Monterrey Consensus and state that Azerbaijan stands ready to cooperate with the international community to contribute to the implementation of its noble objectives emanating from the spirit of the Millennium Declaration.

Finally, may I express gratitude to the government of Mexico and the beautiful city of Monterrey for hosting this event and extending genuine hospitality. May I also express sincere appreciation to the UN Secretariat and all involved in organization of the conference whose invaluable contribution ensured the success of the UN Conference on Financing for Development.

Bahrain

Statement by
Shaikh Ebrahim Bin Khalifa Al-Khalifa
Under-Secretary in the Ministry of Finance and
National Economy, State of Bahrain*

It gives me great pleasure to participate in this very important Conference as the representative of the Kingdom of Bahrain.

One of the most important results of globalization is that the process of economic development has lost its full local characteristics and has become global. This makes it incumbent on all actors involved in the

* The text of this statement has been transcribed from audio recordings, as the original was not submitted to the Secretariat

development of the global economy – developed countries and international organizations – to cooperate in making the process of sustainable development for developing countries successful and preventing failures in one country from having an impact on another.

This will not be achieved unless every State implements cohesive and diverse policies and measures, including in particular adopting appropriate macroeconomic policies, assuring good governance on the microeconomic and macroeconomic levels, working for political stability and social peace, spreading a social safety net, which would protect vulnerable sectors of society, protecting society from upheavals and removing all restrictions on business, particularly on the private sector. This would encourage investment, particularly foreign direct investment, and help develop the banking and financial sectors and human resources.

The Kingdom of Bahrain is considered one of the more open societies in the area of liberalizing economic policies. Bahrain always occupies the first position in the area of developing resources according to United Nations reports. Moreover, the Kingdom of Bahrain was one of the first countries to enact laws to combat money laundering. There is a law being issued at this moment to combat terrorism and cut off its funding.

What is required from developing countries in the area of economic development is a prerequisite to combating poverty and bringing about sustainable development. But this is not enough in light of the recent developments and in the absence of adequate support from the international community, as experience has shown. I mean by the international community, in particular the group of developed countries and international organizations. We call on the developed countries to play a very important and large role in the development of developing countries. This requires increasing the technical and financial support that they give to developing countries to the agreed-upon level of 0.7 per cent of Gross National Product. Given that this rate is not enough to confront the increasing burdens of financing development in developing countries, a reasonable level of foreign direct investment should be directed to developing countries. The most important contribution that developed countries could provide to financing development in developing countries is to open their markets to their products, particularly manufactured products. Developed countries should make greater efforts to help developing countries and forgive the debts of the least developed highly indebted poor countries.

The role that we expect the developed countries to play in the financing of development in developing countries would be more effective and beneficial if coordination occurs between the developed countries and international organizations. Coordination of efforts of different parties is needed to further economic development, alleviate poverty and spur growth. The International Monetary Fund in particular has a very important role to play in bringing about international financial stability, improving global economic governance, bolstering global crisis management through an early-warning system, refining performance criteria and coordinating the efforts of various oversight bodies on economic activities. The International Monetary Fund should also secure the flow of short-term capital needed to finance development in developing countries.

As for the World Bank, it should increase its volume of development and financial assistance to developing countries and alleviate the terms of borrowing as much as possible. It should also cancel debt when possible.

As for the World Trade Organization, we support the idea that it should devote time for collective global negotiations on the problems of development and financing for development in particular. Focusing on the problem of pricing the primary commodities and raw materials and opening the markets of developed countries to the products of developing countries and dealing with protectionism as well as giving concessionary financing to developing countries.

These three organizations should implement a variety of solutions to the problems of foreign debt burden and external trade and the problems concerning regulating control, including transparency and developing financing control, within the competence of each organization to establish new mechanisms to follow up the implementation of conference decisions and recommendations in the area of financing development, each in its competence.

Finally, there is the importance of partnerships between developed countries and developing countries in structural readjustment and maintaining the directives to international organizations so that developed countries do not monopolize this. The developing countries should positively participate in this process so that the new directions of international organizations are more effective and would give greater momentum and real support to the process of development. This requires from the governments of the developing countries to be up to undertaking their responsibility of fulfilling their duty in this area.

Bangladesh

Statement by
His Excellency Mr. M. Saifur Rahman
Minister of Finance and Planning, the People's
Republic of Bangladesh

It is a delight to be in this historic city on this historic occasion. I bring to all of you, here at Monterrey, the warmest greetings of our Prime Minister, Begum Khalida Zia. We thank to the Government and People of Mexico for the Conference arrangements, and for the warmth of your hospitality and the hospitality of the people of Monterrey. We are confident that your leadership will guide our work to successful fruition.

We meet against the matrix of a rapidly changing world. Wealth and resources are ever expanding. So, sadly, is the widening gap between the rich and the poor. Mr. President, Should this gap persist? No. This must be closed by improving the lot of the poor. Financing for development must involve a firm global commitment to achieve that goal.

While the international community must provide the appropriate environment, development must remain a core national responsibility. The process must be domestically engineered owned and driven. In this respect we in Bangladesh have a good story to tell. It would be my privilege to share our experience with you.

We believe that development is only possible against the backdrop of democracy, respect for human rights and the rule of law. Good governance, fiscal responsibility and social accountability are the key elements. Growth must be pro-poor, pro-women, and environmentally sustainable. All key stakeholders must participate in the effort. The market must be free, though the government must discharge its electoral mandate to protect the poor and vulnerable from the disorderly free market situation. Corruption must be eliminated from the society at all levels, and this must be done in coordination with development partners. We believe in private sector-led growth. Our Prime Minister is intent on taking government out of business, and leaving business to the private sector. At all times, we believe the point of reference must be the individual human being and not soulless economic data and dry statistics.

Operating within those philosophical parameters, Bangladesh has made great strides. Within our region we take a modicum of pride in our impressive social indicators. We have tapped our cultural heritage and intellectual capacities to produce concepts such as microcredit and used them effectively as instruments of social change. We have emphasized education, particularly education for woman and children and integrated health and family planning programme. Through an appropriate macroeconomic policy-mix we have addressed with success the problem of poverty alleviation. We have empowered women by expanding their access to credit and employment. From a food deficit country not so long ago, we have achieved miracles in agriculture, and now produce enough to feed our 130 million people. We have just concluded the Bangladesh Development Forum meeting with the Bretton Woods Institutions and other donors in Paris in which they commended the increase in school enrolment, reduction in fertility and mortality rates, improvement in disaster-management, and the emergence of an impressive NGO system.

Despite our best efforts, we acknowledge that weaknesses persist. We intend to address them head-on by deepening our reform agenda and intensifying trade tariff and institutional reform. An effective combination of our home grown initiatives, and outside help, have rendered us what we are today, a vibrant, liberal, and progressive polity, which is also one of the largest democracies in the world.

A US Government document entitled 'Successful Development: models for the 21st Century' says, and I quote: "The lesson in Bangladesh is that ODA – when applied in conjunction with a country's serious efforts to resolve its own development challenges – can yield dramatic results".

Mr. President, I am not, like Oliver Twist, asking for more. What I am asking for is trade and market access for our exports that keep our women, farmers and workers employed and empowered. What I am asking for is an international support structure that rewards performance and genuine reforms. What I am asking for is coherence among international agencies for better coordination, but they should not use this as an opportunity to jointly impose mutually reinforcing stiffer conditionalities. I am asking for investments that entail genuine transfer of knowledge and resources, and are not predatory. I am asking all this not just for my country but for all others in comparable circumstances.

It is our hope that the message from Monterrey would galvanize humankind to a high level of cooperation. It is on its anvil that we can forge a more stable, better and more secure world, a world free from poverty in all its dimensions. Such a global alliance for development will create an enriched and sustainable civilization. This pledge at Monterrey can be our gift to the world beyond.

Belarus

Statement by
His Excellency Mr. Sergei S. Ling
Ambassador and Permanent Representative to the
United Nations of the Republic of Belarus

The delegation of the Republic of Belarus would like to most sincerely associate itself with the expressions of appreciation addressed to the Government of Mexico as the host country of the International Conference on Financing for Development for the creation of conditions for our successful work.

The Republic of Belarus shares the basic provisions of the Conference final document – the Monterrey Consensus – which we see as comprehensive, balanced, and conscious of the needs of countries at different stages of social and economic development.

We proceed from the understanding that international commitments of states as to financing for development should be commensurate with their economic capacity. Quite a number of commitments agreed upon in the outcome of the Conference are already a reality of the current social and economic policy pursued by the Government of the Republic of Belarus.

In terms of Financing for Development we attach a critical role to the mobilization of domestic resources, trade and investment.

The prospective directions of social and economic development of our country envisage further strengthening of the domestic finances and banking sector, measures for gradual liberalization of financial and commercial markets, establishment of favourable investment climate, implementation of comprehensive programmes for the targeted support of the poorest, incentives for the private sector and intensifying the fight against corruption.

Our delegation shares the point made earlier by the delegations of China and Panama that every country must be given an opportunity to pursue its own path of reforms that takes into account local conditions and specificities, since the international community has already been a witness to quite a number of examples in its most recent history when the application of 'one-size fits all' recommendations would result in grave shocks and instability for the whole regions. We are fully aware that in the today's world the establishment of a sound and enduring economic system in any country is impossible in isolation from international experience and conditions.

The Republic of Belarus is an open economy and open society. We are building a human-centred, democratic state governed by the rule of law and realization of the strategy of sustainable development. The upward dynamics of the human development index in Belarus indicate that we are on the right way.

We are generally supportive of the ideas presented earlier by the leaders of the International Monetary Fund (IMF) and the World Bank. Yet, we would like to specifically point out to the factor of timeliness in terms of rendering support to developing countries and countries with economies in transition. Such support is urgently needed for the acceleration of reforms, monetary stability, realization of critical projects in the social sphere, development of civil society. However, what we are recommended is the attainment of these goals with our own scarce domestic resources and then we could probably count on some external support.

We agree that both donor and recipient countries must responsibly cover their own part of the way to the common goal of sustainable development. Belarus has been following this way despite the hardships of overcoming the consequences of the accident at the Chernobyl nuclear power plant. We fulfilled all our obligations in the area of disarmament, though that was very painful for our economy; recuperated the industrial output; maintained the upward dynamics of GDP growth over the past six consecutive years; avoided accumulating unsustainable foreign debt; achieved the level of exports to account for as much as 50% of our GDP; developed human resources. In other words, we have met all the key criteria for cooperation that have been voiced by many at this Conference. And yet, we have not so far received access to the international financial and trade markets.

Belarus has achieved a certain progress in cooperation with international and European financial institutions, including a step-by-step transition to the full-fledged programmes of bilateral financial cooperation with the IMF, intensification of monetary and investment cooperation with the European Bank for Reconstruction and Development (EBRD), as well as with the institutions of the World Bank Group. We have advanced to a qualitatively new stage of our activities within the framework of the UN Economic Commission for Europe (UN ECE). Belarus is determined to become a member of the World Trade Organization (WTO) and we are synchronizing our negotiations for accession to this organization with the pace of domestic economic reforms.

We count on the Monterrey Conference as an additional impetus to provide for enhanced and predictable access to international markets of exports from developing countries and countries with economies in transition.

With regard to the issues of trade and investment we would also like to particularly emphasize the importance of ensuring predictable financial resources for programmes of technical assistance provided by appropriate UN funds and programmes, including, inter alia, UN Conference on Trade and development (UNCTAD) and UN Development Programme (UNDP).

Belarus is entirely supportive of the decisions by the Monterrey Conference as to the increasing consistency and coherence of functioning of the international monetary, financial and trade systems, especially those related to the enhancement of participation of developing countries and countries with economies in transition in the international economic decision-making and norms-setting.

In conclusion, we would like to underscore that the Republic of Belarus is conscious of its being an integral part of the international economic system and we are ready to work with our partners to ensure its stability, endurance and security in accordance with the decisions of the Monterrey Conference.

Belize

Statement by
His Excellency Mr. John Briceño
Deputy Prime Minister and Minister of Natural
Resources, Environment and Industry, Belize

For some time now we have engaged in discussions and negotiations leading to this conference and to the adoption of the Monterrey Consensus. For some, the process has been arduous and in certain instances frustrating. Still, we persisted, for our pain pales in comparison to the struggles of our people who toil daily to provide the basic necessities for themselves and their families.

Today, rising from the shadows of the Sierra Madre Mountains in the warmth and hospitality of the good people of Monterrey, I question whether the Monterrey Consensus, which we came to adopt, brings us any closer to accomplishing the development goals set out in the Millennium Declaration, to eliminate poverty, improve social conditions, raise living standards, and protect our environment. Yes, we have put forth a document that clearly outlines our concerns as well as our hopes for possible solutions to overcoming poverty and achieve meaningful sustainable development. In addition, we have identified those factors that inhibit developing countries like my own from fully participating in the global economy and we outlined the need for new development financing strategies and fair trade practices. But this is not enough.

The ability of developing countries to build the capacity for growth with the mechanisms in place to benefit from globalization and ensuring that our people fully participate in the global economy is crucial. Our efforts to create fair trade conditions or to generate more investment are unsustainable if they ignore the human factor. Investment in trade liberalization and global participation must be guided by our commitment to improve the lives of our people while reducing overburdening debt which were created in an effort to meet the inevitable demands of this inequitable global process.

****The statement has been reproduced as received. The designations employed do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations concerning the legal status of any country, territory or area, or of its authorities**

For us in Belize, the way forward includes fair trade, debt reduction and increased investment with external financing by all relevant stakeholders. Like other economies in transition, we firmly believe that trade is the engine that will generate the much-needed financial resources crucial for our development. International trade, especially in those areas where we have a comparative advantage, cannot be ignored in any process that seeks to address meaningful development. We believe in the promises of development through free trade, but we also recognize that free trade is only possible when there is fair trade. We therefore continue to call on our developed partners who consistently urge us to liberalize our economies, to work with us to make trade more just and equitable by removing the trade barriers placed on our agricultural commodities and by eliminating the subsidies to their agricultural and industrial sectors that restrict our ability to compete within the world market. In this context we support the sentiments of UNDP Administrator Mark Malloch Brown when he reminds us that included in the Millennium Declaration are commitments to “construct a more inclusive globalization that provides developing countries with the support they need to compete on a levelled playing field.”

Another vital component of our development is external financing, whether in the form of aid or through foreign investment. While we recognize that the responsibility for development lies within the scope of national governments, we are also realistic. We cannot develop with increasing GDP alone; in fact one is often contingent upon the other. If we will succeed in reducing poverty- and develop our economies there must be significant increases in ODA. UNCTAD Secretary-General Mr. Rubens Ricupero expressed it well when he stated before this conference:

“Developing countries must turn to external financing to secure the means for increasing their international competitiveness.” It is important to stress that other forms of assistance not be made in place of the agreed Official Development Assistance, ODA flows must continue as was agreed by our developed partners and its requirements less prohibitive by national policies alone. In this context, we continue to support the efforts of the government and people of the Republic of China and Taiwan** for their ongoing technical missions to Belize and other Central American countries. We recognize their contribution to development and welcome their increase in ODA from eleven percent to 17 per cent of GNP.

We need to be reminded that continued global economic growth is contingent upon our ability to maintain global stability and that global stability can only be maintained when all the people of the world believe that they have a stake in the much exalted globalized economy. All must believe that their efforts to participate in the benefits of our globalized economy are not in vain. Our people have kept the faith; they have continued to be hopeful despite the gloomy statistics that clearly indicate that over the last decades the poor have been further marginalized.

At the dawn of the new millennium, our people gave us a second chance. They preferred to see this time as an opportunity for renewed hope. At the Millennium Summit we promised them that we would work harder to alleviate their struggle. We took their challenge and offered them a new hope.

The marginalized of the world have been patient and faithful, they have been kind to us, and have listened to us argue and talk for the past ten years. I believe we have come to that moment when they have heard enough. Let us go from Monterrey and immediately effect change. We need not hold another conference, pass another resolution or speak another word. What we need now is action, lest we find ourselves in 2015 lamenting the fact that once again we have failed the future.

Benin

Statement by
His Excellency Mr. Bruno Amoussou
(on behalf of the Least Developed Countries)
Senior Minister in charge of the Coordination of
Government Action, Planning and Development,
and Personal Representative of the Head of State of
the Republic of Benin*

It is a great pleasure and an honour for me to speak on behalf of the Least Developed Countries in this distinguished forum of the International Conference on Financing for Development.

* The text of this statement has been transcribed from audio recordings, as the original was not submitted to the Secretariat

I wish to associate myself with the congratulations and appreciation conveyed to you, Mr. President. The international community has expressed its confidence in you through its recognition of your ability. That recognition is also a tribute to your country. I also wish to thank the Mexican Government for its hospitality and the facilities they have offered us and for the successful organization of this Conference. The Benin delegation, through my voice, ensures its cooperation for and support to you during these proceedings.

I wish to express my great satisfaction and gratitude, on behalf of the Republic of Benin and the Least Developed Countries, to the Secretary-General of the United Nations, Mr. Kofi Annan, for all his efforts and the critical momentum he has given to our Organization, so that the issue of financing for development would be the focal point of the international community at this time.

I wish to recall that due to the need for a new partnership, the international community committed itself at the Millennium Summit to supporting the Third United Nations Conference on Least Developed Countries and has asked development partners to act to provide debt relief, or even debt cancellation, to increase official development assistance, and to open markets to Least Developed Countries.

The Millennium Summit also adopted the relevant recommendation to grant additional resources to least developed countries to help them break out of poverty and marginalization. In this regard, the Third United Nations Conference on Least Developed Countries, held in May 2001 in Brussels, laid the foundation for a world partnership that would be strengthened and would create the conditions for sustained economic growth and sustainable development in these countries to put an end to their marginalization, eradicate poverty and enable them to become integrated and to benefit from the global economy.

To do this, this Conference developed an Action Plan for the Least Developed Countries for the decade 2001 to 2010, which calls for a partnership based on a covenant of commitments. We, the Least Developed Countries, have applied measures and specific policies in order to offer better opportunities for our people, particularly the poorest, to eliminate the structural deficits of our economies by implementing results-oriented macroeconomic and social policies.

We are fully committed to implementing the national measures and policies agreed in Brussels. In so doing, we are creating better conditions not only for our people, but also for people everywhere. In fact, reducing or even eliminating poverty in the Least

Developed Countries is increasing the purchasing power of millions of human beings, giving new opportunities for international trade and improving the standard of living of people everywhere.

Preventing and resolving conflicts, which are often only the manifestation of discontent with lack of resources and the undeveloped capacity of the Least Developed Countries, is strengthening security at a worldwide level. Preventing the spread of sexually transmitted diseases such as HIV/AIDS and tuberculosis or eliminating malaria in least developed countries is improving the state of health of the entire world and developing better means of communication, just as promoting greater human rights for our people and good governance, is eliminating the sources of frustration and strengthening world peace.

Therefore, it is in this spirit that in Brussels we and our partners in development reached a consensus on an Action Plan that contains a mutual commitment in seven areas, including the need to mobilize financial resources for development. We consider this International Conference on Financing for Development the logical and complementary follow-up to the Third United Nations Conference on Least Developed Countries in the sense that it calls for the real involvement of all international institutions that finance development in educating, mobilizing and transferring adequate financial resources for the implementation of commitments made at the Brussels Conference.

Official development assistance remains a necessary source of financing in order to realize the goals and objectives of the Action Plan for the Least Developed Countries. Therefore, it is necessary to carefully consider its quantitative and qualitative aspects and the means to effectively coordinate them. Among the conditions to achieve these objectives is the serious need for significant and real enhancement of the volume of public resources, namely official development assistance.

We would like to remind you of the serious need for significant and real enhancement of the volume of public resources, namely official development assistance. I do not need to emphasize the benefits that would accrue to all stakeholders measured in terms of economic and social results, not only in terms of debt repayment. That is how we will break the cycle of debt accumulation and will avoid having future generations pay for it. It is the time to remind participants that we have the common will for fuller involvement of the least developed countries in decision-making that has to do with their development, be it through coordination or debt-relief measures.

Debt repayment is a heavy burden on our fragile economies. It prevents economic growth and development. It is one of the major causes for the failure of previous programmes of cooperation established to support the development policies that are relevant for our countries. We appreciate, of course, the scope of debt-relief measures adopted in various mechanisms. These measures, although significant, are still insufficient. In fact, our countries need a new injection. In that regard, our conviction is that the prompt and complete cancellation of all bilateral public debts and all multilateral debts for all of the least developed countries would contribute to the eradication of poverty.

In addition to that, actions to finance development must be intensified and include more grants than loans. Therefore, we are launching an appeal to the international community and in particular to the most developed countries, particularly the G-8 countries, to make a significant increase in their contributions to multilateral financial institutions, particularly to the Agency for International Development, the World Bank Group, the African Development Fund and all regional and subregional banks that finance development. I must also point out the critical need to finance programmes in sectors such as health, education, nutrition or other sectors related to human resource development, even though these programmes are not directly generating revenue and therefore do not make a short-term contribution to debt repayment.

While we recognize that our countries are basically dependent on official development assistance, we will continue to work to attract other foreign resource flows stemming from foreign direct investment or revenues from our exports to markets we hope will be fairer. Foreign direct investment in our countries is weak. Measures to attract them are important elements of our national developmental strategies, which at the same time must be supported by financing the basic infrastructure needed to reduce the costs of these investments.

Therefore, our exports should enable us to obtain substantial resources; more than those stemming from official development assistance and private capital flows. That is why we are launching an appeal to the international community; so that the Brussels measures will be implemented without delay; for example, measures to improve preferential access of the least developed countries, duty-free and quota-free, to the markets of developed countries; to implement fully and urgently measures to grant a special and distinct status for the least developed countries and to

fast-track membership through the World Trade Organization for the least developed countries that are not yet members. We support the Doha Ministerial Declaration and the appeal made to developmental partners for them to increase their contribution significantly to the integrated technical framework for trade in order to carry out capacity-building.

The Monterrey Conference should not be considered an isolated conference that is disconnected from past or future conferences, such as the one to be held in Johannesburg. These conclusions should contribute to the effective implementation of the commitments made at the Millennium Summit and those mentioned in the Brussels Action Plan for the least developed countries. It is therefore essential that the follow-up to the Brussels Conference and the Monterrey Conference be well coordinated and that the development of all of the least developed countries, as well as relevant resourcing issues, be considered a result.

I have just spoken as a spokesperson for the Least Developed Countries throughout the world. The duration of my mandate is five years. I am asking participants to act in such a way as reduce the number of our members by the end of my term, at the Brussels Conference, at the Millennium Summit and the Monterrey Conference. We have made relevant statements. We now need to act. I believe that we have the means to do so. If we steel ourselves with the firm will to act in solidarity, we will witness the long-sought new and genuine partnership.

Bhutan

Statement by
His Excellency Lyonpo Yeshey Zimba
Minister of Finance, Kingdom of Bhutan*

May I first of all thank the Government and the people of Mexico for the excellent arrangements made for work and the warm hospitality extended to us.

The new millennium was ushered in with renewed hope and aspirations for all the people of the world, particularly the poor and disadvantaged. The Millennium Summit saw the largest gathering ever of top world leaders and the adoption of the very noble and timely Millennium Declaration. All leaders from

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the rich as well as the developing countries took stock of the state of the world in terms of peace and development and acknowledged the need to increase resources for improving the plight of the poor.

The plight of the world's poor is perhaps the most widely discussed subject in nearly all major international meetings such as those of the International Monetary Fund, World Bank and World Trade Organization. The subject is discussed at most meetings of the United Nations, regional development banks and other agencies. We have heard so many times about the concerns expressed over the fate of the 1.2 billion people living on less than \$1 a day and the urgent need to transfer resources from the rich to the poor and needy.

While much has been said and discussed, sadly, very little has actually been done. The problem of poverty and underdevelopment continues unabated. The long-awaited increase in resource transfer has not happened. On the contrary official development assistance is actually falling, hitting hardest the weakest and most vulnerable.

I fully agree that the onus of development cannot be placed on the donor partners and that we, the recipient countries, must assume full responsibility for the destiny of our countries and peoples. Unfortunately, given our level of poverty, most developing countries, especially the least developed ones, are not able to mobilize adequate domestic resources to meet even urgent and important needs, particularly in the social sector.

In this age of globalization, many look to foreign direct investment and trade as an alternative source of financing for development. While much has been achieved in many countries, the benefits of foreign direct investment and trade accrue mainly to larger, more developed countries where there are greater prospects for profit. Smaller, less-developed countries, particularly landlocked countries with limited resources and rugged terrain do not hold much scope for foreign direct investment. Hence, there is no alternative to official direct assistance, at least in the near future, for many countries, including my own.

After having heard of the European Union's commitment to enhance its level of official direct assistance and the announcement of President Bush to increase the United States official direct assistance level over the next three years, I can indeed say that the Monterrey conference was a worthwhile attempt to reverse the otherwise sad trend of declining official direct assistance.

While the commitment falls far short of the needs, it has nonetheless rekindled the hope and belief in international good will and cooperation. The Monterrey Consensus should certainly make all of us happier, but it should not make us complacent. It is now imperative that donor nations actually disburse what they commit to. We may otherwise see a repetition of the past, where money available in principle is not spent while the poor and needy continue to suffer.

In order to avoid such a situation, donor nations must be more flexible and understanding when it comes to conditions and selectivity. The vicious cycle of poverty, conditions and inadequate aid must no longer be perpetuated.

I would also like to take this opportunity to commend the northern European countries, particularly Denmark, Norway, the Netherlands and Sweden, for taking the lead role in enhancing official development assistance to more than the 0.7 per cent of gross national product prescribed and, more importantly, for adopting liberal and flexible aid modalities.

If there is to be peace and harmony, the divide between the rich and the poor must be reduced. Peace cannot be assured when one fifth of the world's population lives in abject poverty, suffering the pains and indignities of deprivation. The people of our planet, the rich and the poor, have a common destiny as we share the same world. In the long run, we all sink or float together. There is no other way.

So let us resolve to work together as a family towards the common good of all humanity. Let the rich help the poor. Let the poor put their own house in order. Let us make the first century of the new millennium the century of hope, peace and development.

Bosnia and Herzegovina

Statement by
His Excellency Dr. Jadranko Prlić
Vice-Minister for Foreign Trade and Economic
Affairs, Bosnia and Herzegovina

It is a privilege to be here with all of you today, Heads of State and Government, the United Nations, International financial institutions, WTO, business sector and civil society, joined for the first time with a

common objective – Financing for Development. Let me thank and congratulate our hosts, Mexico, and all those who have worked to bring this Conference to take place.

This conference constitutes a new and unique opportunity to develop a new paradigm for international cooperation. The 'Monterrey Consensus' will allow a just sharing of the benefits of globalization to all nations and remove the poor nations from their present marginal role into active players in the process.

Building peace and fostering development in Bosnia and Herzegovina was a first example of a joint venture of the international community and domestic forces. The thesis that the building of a new state was a joint project made itself feel morally just on the example of economy. So only a week after the signing of the Peace Agreement, the First Donor Conference was organized aimed at providing the initial funds for reconstruction. The organization of the subsequent (four) great donor conferences was entrusted to the European Commission and the World Bank on behalf of the international community.

Something unprecedented in human history happened: Almost 60 countries and about 30 international organizations took part in the relief project for the country. The reconstruction activities, to a large extent financed by the international community, led to the re-starting of a part of our industrial production, trade and services as well as greatly improved infrastructure, particularly the telecommunication and energy sectors, and to some extent in the water supply, healthcare and education sectors.

Since the war, a combination of donor-funded reconstruction and sound macroeconomic performance have helped the recovery of BiH leading to average growth rates of 30% annually and an average inflation of 4%. Despite these achievements, BiH finds itself at a critical turning point, as the underlying foundations for developing a sustainable economy remain weak.

Economic growth since the war has primarily been driven by donor-funded reconstruction and, in the last two years, GDP growth rates have been falling to one digit number. In terms of funding to fuel investment and economic growth, sources are beginning to dry up. The large amount of donor funding since the war, estimated at \$5 billion, is beginning to decline as donor fatigue sets in and attention is diverted to other regions. The situation is compounded by negative trade balance, as imports continue to outstrip exports and the low level of Foreign Direct Investment.

As for the currently existing production capacities and those to be launched, results are below our expectations, causing a great unemployment rate (approximately 40%) and below an acceptable GDP level that has currently reached but half of the pre-war GDP in Bosnia and Herzegovina.

It had been expected that the level of the GDP in Bosnia and Herzegovina, partly due also to the influx of such a large aid package, would reach its pre-war level at the turn of the millennium. This failed to come true. The global strategy of economic development of BiH, adopted for the first time last year, forecasts that the 1990 level of GDP would be reached only at the end of this decade.

The expected results in the economy of Bosnia and Herzegovina stayed away for three kinds of insufficiency: lack of political will, lack of knowledge, and non-existence of efficient or any institutions. The lack of political will was compensated by the function of international entities, especially by the activity of the High Representative. The local institutions started to be built impermissibly late. The transfer of all economic ideas was done from outside, through numerous international agencies, which, however, do not have a sufficient knowledge of the domestic circumstances nor of the domestic mentalities, and especially unknown to them are the local possibilities.

Since May 1998, Bosnia and Herzegovina embarked on an ambitious Programme of Economic Reforms, supported by the World Bank economic adjustment loan and the IMF stand-by arrangement. This Programme has the objective to create a single economic space of Bosnia and Herzegovina with a free trade and investment flows between its Entities, the harmonization of legislation, as well as the harmonization of taxation systems and institution building; to create a functional banking system; the privatization and restructuring of enterprises; the restructuring of pension and health schemes; the implementation of a simplified customs system and the liberalization of trade regime. The backbone of all these policies is the programme of macroeconomic stabilization based on the existence of Currency Board.

After having received international technical and financial assistance in the last few years, Bosnia and Herzegovina must now assume greater responsibility for its economic and social development. Aimed at providing support for the programme of reforms, the following activities are already under way:

- Decrease of wage taxes aimed at stimulating employment and reduction of grey labour. Other aims include further and gradual reduction of other business taxes, focusing on eventual fiscal and social consequences;
- Privatization programme to ensure fundamental transformation of the country's economy, which in itself should lead to a higher productivity and employment;
- Package of labour laws completely in harmony with the International Labour Organization (ILO) recommendations and very close to the similar national laws of the European countries.
- Reform of the Country's payment system is implemented;
- Transparency and efficiency of public revenues has improved;
- The Ministry of Treasury on the State level is established;
- State Border Service has been established;
- Some results have been also achieved in the creation of appropriate regulatory institutional arrangements, necessary for providing efficient services provided by public companies in the transport, telecommunications and power supply sectors.

This year, we are accelerating the process of transition to the market economy, implying primarily elimination of excessively regulatory and administrative control. Likewise, we shall continue to make efforts in order to improve the quality of administrative management, to eliminate corruption and fraud, and to improve transparency in all aspects of transactions in commercial and public sector.

Under these circumstances, it becomes paramount to tackle critical structural reforms, which can break the vicious cycle of declining growth and rising unemployment and create the basis for sustainable development. These reforms include:

- Developing a Single Economic Space in which laws, taxes and institutions are harmonized and there is free movement of goods, capital, labour and services between entities.
- Privatization and creation of favourable environment for foreign investment that would, consequently, bring about development of private sector, to compensate for the decreasing inflow of international financial aid;
- Improvement of public finances and efficiency of public institutions by:

- Improving the quality of public administration at all BiH levels;
 - Strengthening of the State institutions that should take over the responsibility for economic and political management;
 - Tax reform throughout BiH;
 - Improvement of tax collection;
 - Cost-effective public expenditures;
- Development of private sector (in this moment participate in the economy of B&H with 35%) and improvement of the regulatory environment;
 - Creation of a modern banking system with special emphasis on regaining the confidence in savings and its mobilization for investment in production (domestic saving in the year 2000 was 1.6% of GDP that is considerably below the level which is necessary for self-sustainable economy);
 - Development of the sustainable social protection: To achieve this goal, a fundamental restructuring of social policy is necessary, social statistics. In this context, it is necessary to mention that we have initiated and undertaken the preparatory activities to draft the Strategy for Reduction of Poverty, with the World Bank support, engaging broad ranges of domestic governmental and non-governmental organizations.

I want to stress the importance of regional cooperation. The regional infrastructural projects (energy, transport, telecommunication, etc.) would provide for the basis to link the neighbouring countries, and consequently enhance their economic cooperation.

Great emphasis is put on the Memorandum of Understanding for the Creation of the Regional Free Trade Zones. The participating countries signed this Memorandum, and zones should be established by the end of this year. Creation of the customs free market of South-East Europe, the region with the population of approximately 60 million, opens enormous opportunities for the development of economy of the countries of this region. This would particularly open the avenue for foreign investment into the existing and newly launched industrial production capacities in Bosnia and Herzegovina, and this fully corresponds with the Strategy of Economic Development of Bosnia and Herzegovina. Bosnia and Herzegovina, as part of Europe, is strategically interested in integration into the European Union, as the most successful organization in the era of globalization.

There are a number of milestones for BiH to achieve before reaching this goal. Firstly, BiH needs to meet the targets set out in the 'Road Map to Europe' which involves starting the process of creating a single market based on a national regulatory framework and institutions that are harmonized with the body of EU laws and regulations. Secondly, BiH needs to make a successful transition to a market economy in order to create the basis for sustainable development. BiH enterprises need to be restructured and revived in a way that raises their ability to enter the global economy and withstand competitive pressures as well as to meet EU standards, for instance, related to the environment.

It is important to emphasize that Bosnia and Herzegovina already enjoys trade privileges with the European Union, to be extended in the future, parallel to the trend towards regional trade liberalization. This development would provide great opportunity for foreign investment in Bosnia and Herzegovina, both from the East or the West, with future positive effects on the new business activities, with the aim to ensure 'catching up' effect for Bosnia and Herzegovina as soon as possible.

The responsibility for economic and social development lies primarily on each country. But such ownership is able to provide results only by using effective interaction of all sources of finance, namely the mobilization of domestic resources, ODA, international trade flows for direct investment and debt relief. This is the reason to support proposed outcome, which is going to get added value in approaching Summit about sustainable development in Johannesburg this autumn.

Let's make this year a turning point in the fight against poverty.

Brazil

Statement by
His Excellency Mr. Celso Lafer
Minister for External Relations of the Federative
Republic of Brazil

To finance is to give credit. But not simply in the narrow sense of those who provide loans. The word 'credit' is derived from the Latin 'credere', which means 'to trust'. In any financing relationship, the bridge that links the present to the future is trust. Here in Monterrey we seek to lay out the foundation for strengthening the bonds of trust that will allow us to deal with the future in a constructive manner.

This conference has the fundamental goal of conveying to our societies the unequivocal commitment to provide a new impetus to development. We must recognize that the most dramatic challenge we face today is poverty. Poverty can no longer be seen as occurring only within well-defined geographic or political boundaries. It is everywhere. We see hopelessness and despair that arise out of absolute poverty. Poverty has become a political problem on a worldwide scale and a catalyst for international insecurity.

It is self-deluding to believe that the invisible hand of the market will solve this problem. The socio-economic system in our countries must be inclusive and respond to the cries and urgent needs of the less fortunate. The Declaration that we will sign constitutes an important step towards reaching a balance between macroeconomic goals and social ends and establishing the foundations for a real and new 'growth pact', in which financing for development is a crucial element. Each government must accept its responsibilities. Adequate national policies are part of the answer, but they alone are not enough. There must also be good governance at the international level.

During the 1990s, the inflow of capital to developing countries more than doubled. The proportion of total private capital inflows received by developing countries rose from 11.8%, in 1991, to 14.4%, in 1997. Since then, however, this figure has dropped precipitously, down to 7.6% in 2000. The seriousness of this situation, which stems from a mistaken perception of risks, should not be underestimated. The global economy's ability to grow and recover depends largely on restoring the vitality and predictability of financial flows.

A consistent growth of the so-called 'emerging markets' would have significant effects worldwide because they have the largest potential for growth of consumption anywhere in the global economy. For the countries that are not completely integrated in the international market, the 'growth pact' should be based on solidarity and support from the more developed world.

The decision of the United States and the European Union to increase resources for development assistance is a positive step. Nevertheless, only very few countries have met the target of allocating 0.7% of their GDP to ODA. To restore confidence, it is also essential that the international community attain a sense of 'ownership' for the plan that we are announcing here today. In order to achieve that, we need to democratize the international decision-making process, particularly on issues concerning the international financial system. The allocation of resources in international organizations no longer corresponds to the realities of today's world. It is hence necessary to improve the role of developing countries as members of international financial institutions like the IMF in order to correct this imbalance. Monterrey should strengthen the multilateral governance arrangements, which are the only ones that are truly capable of dealing with the uncertainties and instabilities that threaten our collective ability to fight poverty.

We should also strengthen our mechanisms to prevent and manage crisis situations. All countries should be able to rely on predictable and supportive advice from international financial institutions and should not be left on their own when crisis occur. Delaying response to crisis situations raises unnecessarily the risks at stake and renders solutions more difficult. Argentina is doing the utmost under extremely difficult social and economic conditions to stabilize her economy. Important measures have been put in place. There is no justification to delay any longer that support. The sooner it comes the better will the Argentine government be in a position to pursue the path of stabilization it has already been following.

Finally, I wish to mention trade. The development of our societies depends, in part, on establishing a stable environment for trade, based on more equitable rules, resisting protectionist practices and strengthening multilateral rules and regional integration schemes. The Doha Round presents an extraordinary opportunity to eliminate unacceptable distortions that still persist in global trade. The world cannot continue to watch passively as the agricultural sectors of the developed countries are given vast subsidies

amounting to over \$1 billion per day displacing a significant amount of agricultural export products from countries that need funds to finance their development, and distorting international trade in a manner that is deeply unfair, with sometimes dramatic social consequences.

Here in Monterrey, the United Nations has recovered the ground towards building a broader engagement to mobilize funds for development. Absolute poverty and the international insecurity that arises out of it have added urgency to a permanent task. Our response must involve a wide range of mechanisms in order to restore a network of confidence, with the engagement of governments, businesses, and other economic actors that have the ability to generate the substantial funds needed to finance development.

I would like to finish quoting a famous Mexican poet, Alfonso de Reyes who, by the way, was also a diplomat and lived for a few years in my country, in Rio de Janeiro. In *Sol de Monterrey* (Sun of Monterrey), Alfonso de Reyes made a beautiful and poetic description of the sun we can all today enjoy in this beautiful city: "(...) despeinado y dulce, claro y amarillo: ese sol con sueño que sigue a los niños". Just as the sun of Monterrey is a sun of dreams, but a sun that nevertheless follows children in their way to adulthood, influencing the course of their lives, I am confident that this conference will change in a definite manner the way our countries engage in the search for development, leading developed and developing countries towards a more human and more responsible future.

Brunei Darussalam

Statement by
His Excellency Mr. Pehin Dato Ahmad Wally Skinner
Deputy Minister of Finance of Brunei Darussalam

Mr. President, Excellencies, Ladies and Gentlemen, my delegation and I sincerely congratulate Your Excellency and the Government of Mexico for hosting this important Conference. The gathering we are attending today has a political significance. This is a historic occasion for the world community to pledge cooperation, and to chart a clear path towards realizing the development goals including those set in the Millennium Declaration.

The developing countries have been waiting for this to happen since a decade ago. This is the beginning of a long process that would eventually enable the developing countries to move away from underdevelopment and poverty, and to re-build their confidence to face the challenges of the new economy. However, the path leading to this Conference has not been easy. The road ahead of us is equally challenging as well. For there is greater political, economic and social diversity and complexity among us, and the priorities and levels of development are wide and deep.

We feel that we, the global community, must work together to translate the Monterrey Consensus into action plans. The United Nations, despite having a central role to play, cannot do it alone. It requires active involvement of other key international and regional organizations and institutions in the process.

We welcome the outcomes of the Doha WTO Ministerial Meeting, in particular the decision to take on board the interest of the developing countries. Globalization should serve as an effective avenue for improving the livelihood of people in both developed and developing countries.

We also welcome progress in the work to reform the international financial architecture, though we feel that many issues yet remain to be addressed. We join many speakers before us in calling for increased participation of the developing countries in key international fora, especially in setting up policies and standards that reflect the interest of both developed and developing countries.

When all is said and done, what this Conference is all about is the call for more effective and cohesive partnerships at all levels. The role of the United Nations is indispensable. So, too, are other institutional stakeholders, particularly the IMF, the World Bank and the WTO. The smaller building blocks, the regional and subregional cooperation as well as individual economies are the ones that are going to make the difference.

My delegation is confident that the Monterrey Conference will be able to generate a level of momentum and a degree of partnership that are necessary to realize our international development goals, particularly those pledged at the Millennium Summit.

Bulgaria

Statement by
Mr. Stefan Sotirov
Director, Ministry of Finance, Republic of Bulgaria

At the outset, let me express my appreciation for the opportunity to participate in this conference.

As an economy in transition, Bulgaria attaches key importance to the preservation of the macroeconomic stability and the creation of growth-friendly environment, trade liberalization and high levels of foreign direct investment being the instruments for ensuring economic growth. The Bulgarian economy is strongly dependent on foreign trade, which accounts for a high relative share of our GDP. Like most small countries with open economies Bulgaria is interested in further liberalization of the world trade because the reduction and/or elimination of the barriers to trade would increase the possibilities for export. At the same time, an increasing competitive pressure on the Bulgarian production would push it to seek greater efficiency and development, taking into account the competitive advantages of the country.

Together with the EU member countries, the CEFTA member countries and other developed nations, Bulgaria maintains the position that a new comprehensive round of multilateral trade negotiations should be launched within the WTO. The chances to take into consideration the interests of each participant in the negotiations, even of the smallest countries, as well as to negotiate further trade concessions, are greater if many and various issues are tackled in a new round of negotiations.

The globalization process calls for the WTO to develop the focus of its work. Therefore, the multilateral trade system should demonstrate particular responsiveness to the needs and problems of the less advantaged members by revising the dispositions on special and differentiated treatment within the WTO agreements so as to improve on their precision, operation and efficiency. Bulgaria shows understanding for the difficulties of the developing and the least developed countries. Similarly to them, Bulgaria is not able to take full advantage of the instruments provided in the WTO agreements. We are unable to help our industry due to financial constraints. At the same time, our industry experiences difficulties resulting from imports of subsidized products from more developed

countries, or is unable to sell its products due to effective antidumping or sanitary and phytosanitary measures imposed by other countries. A number of agreements provide an option for special, relieved treatment of the countries in transition. In practice, however, these dispositions are difficult to use in support of economic growth.

Within the WTO a number of countries use rights and privileges as 'developing countries', although they often have much better economic indicators than Bulgaria. There is no officially adopted definition of 'a developing country' in the WTO and some member countries are of the opinion that belonging to that category is a matter of self-defining. Any further division of the WTO members into unclearly or subjectively defined categories would undermine the nature of the WTO as a rule-based organization. For this reason Bulgaria has been defending the position, which was reiterated many times within the WTO, namely that specific norms for separate categories of countries should be established and new special rights and privileges should be provided on the basis of objective criteria and economic indicators. Such an indicator is the GDP per capita, for example, and the categorization of the World Bank could be applied (whereby the countries are classified as 'low-', 'lower middle-', 'upper middle-' and 'high-income' countries). Bulgaria's view is that all WTO members fulfilling the objective criteria of categorization should be able to apply the existing rights and privileges granted to the separate categories of countries.

In our opinion a universal, open, non-discriminatory and just multilateral trade system based on rules is capable of giving a significant impetus to the process of development throughout the world, bringing benefits to all countries irrespective of their level of development.

Likewise, Bulgaria considers regional integration as a major tool in improving the system of international trade. Being convinced that regional integration brings about higher degree of liberalization of international trade, Bulgaria has concluded 9 free trade agreements with 31 countries. These are the Association Agreement with the EU (15 member countries), the agreements with the CEFTA countries (6 countries), with the EFTA countries (4 countries), and with Israel, Turkey, Croatia, Macedonia, Lithuania and Estonia. Free Trade Agreements are to be concluded with Latvia, Morocco and the Federal Republic of Serbia and Montenegro. Thus Bulgaria has ensured preferential access for the products of those countries to its markets, and for its products to the markets of its traditional trading partners.

Recognizing the fact that international trade liberalization enhances the possibilities for increase of exports, Bulgaria upholds the idea that further substantial trade liberalization is an important element of the strategy for sustainable development of each country.

Burkina Faso

Statement by
Her Excellency Ms. Anne Konate
Vice-Minister in charge of Economic Development,
Burkina Faso*

The delegation of Burkina Faso joins with all those who have spoken from the outset of this Conference to thank the Mexican authorities and in particular those of this beautiful city of Monterrey for the extremely warm welcome that has been extended to us.

This international meeting on Financing for Development at the beginning of the third millennium is a powerful sign of the transformations underway in our world. These transformations, namely all manner of threats from all sources are of great concern to us and command our attention with every passing day.

I would like to extend our congratulations to the United Nations system and the Secretary-General for the extremely important role played in promoting peace and development in an increasingly interdependent but difficult world given the many upheavals that we experience every day.

The current level of poverty, which affects most of the people on this planet, is a serious and unacceptable infringement on the dignity of humanity and a threat to international peace and security. In this regard, solidarity between states, nations and peoples should be seen demonstrated at all levels and entails rights and duties. As a result, we must all take part in decision-making and the implementation of these decisions.

The involvement of other players, such as civil society and the private sector in the quest for solutions to the problems of financing for development, requires from all the willingness and determination to make this century one of prosperity for humanity. Therefore, we must develop and strengthen 'government, private and civil society' tripartism at the national level.

The different themes encompassed by financing for development are extremely relevant. Our Conference must promptly take operational measures and firm commitments on all of these questions if we truly want to have a positive influence on the course of history and reduce the level of poverty. To do this, official development assistance must be increased, become more and have fewer conditions.

With respect to the matter of mobilization of national resources, my Government has been working since 1991, with the support of the international community, on setting up a set of reform measures of an institutional, economic, financial and political nature. Mindful of the fact that domestic savings must be the main source of public investment, we have undertaken a vast programme of macroeconomic and structural reforms. This has made it possible to improve public finance. We have also made a special effort to increase the level of mobilization of domestic resources through improved tax collection and in our combat against fraud.

We have done so bearing in mind the fluctuation of official development assistance, which means that the financing of growth and the development process must depend increasingly on domestic savings. There are other measures such as the development of private initiative and the strengthening of the banking sector.

With respect to the mobilization of international resources for financing for development through direct foreign investment and other private capital flows, the Government has made considerable efforts in order to create positive conditions to stabilize the macroeconomic environment for political, economic and legal reforms in order to create an ideal environment for private investment. The private sector is considered the engine of development. However, these efforts have not been rewarded, because direct foreign investment in our country is fairly low despite the improvement in strengthening of our institutional and legal environment.

* The text of this statement has been transcribed from audio recordings, as the original was not submitted to the Secretariat

Market access develops international trade and helps reduce poverty. Trade is the most important mechanism to mobilize internal and external resources. However, foreign trade in Burkina Faso remains insignificant given the fact that the economy is not very competitive and the many obstacles that we face in developing trade.

Burkina Faso is structurally dependent on foreign resources to finance its economy. Official development assistance is for my country the main source of financing, given that, as I said earlier, we do not really benefit from foreign direct investment, despite all the measures and concessions that we have made. Perhaps, if donor countries had respected their commitment, which has been recalled on many occasions, to devote 0.7 per cent of their gross national product to official development assistance, we would not be here today to talk about eradicating poverty. We hope that the untying of aid will make official development assistance more effective.

Indebtedness has become a true development problem for Burkina Faso, and its consequences are dramatic. As a result, since September 1999 my country has adopted a national debt strategy in order to slow down the debt increase. We welcome the Heavily Indebted Poor Country (HIPC) Initiative, and ask that its implementation be accelerated and strengthened and that the Initiative be expanded. Cancellation of the debt of my country along with an increase in assistance would make it possible to make more progress in reducing poverty.

The way debt is dealt with in the HIPC Initiative is commendable, but it remains inadequate in scope and implementation. Indeed, despite the fact that it is an original measure, the HIPC Initiative is marginal and limited given the current financial needs when it comes to combating poverty. It would be desirable that we make it more efficient by extending it to all lending authorities and obtaining from all comparable terms.

With respect to systemic issues, we must adopt principles of governance that are adopted and open, placing the globalization of the economy at the service of development in the context of growing interdependence.

Over time, we have established a consensus around points that were formerly controversial. I am speaking about the role of the private sector in mobilizing resources for development purposes; the undeniable importance of official development assistance in financing for development; making poverty reduction a primary objective of financing for development and finally improving cooperation within the United Nations system.

Therefore, this is a timely opportunity to respond to the different concerns that I mentioned earlier, which involve all countries. The turn of events has made it possible to look at a wide range of questions at the heart of the debate on Financing for Development. Financing of Global Public Goods should make it possible to progress in reducing poverty and safeguarding international peace and security. This is why my country supports the idea of financing for collective goods on a global scale.

I would not end my statement without raising the question of the follow-up on the conclusions of our Conference. My country expressed the wish that an effective follow-up mechanism be set up to make it possible to truly make progress in the war against poverty and for development so that Monterrey will not simply be just another conference. Millions of people living under the absolute poverty threshold are now looking to Monterrey. Together, we must assume before history our collective and individual responsibility to eradicate poverty on our planet. We have undertaken the commitment. We have the means to do so.

Cambodia

Statement by
His Excellency Mr. Cham Prasidh
Minister of Commerce, Kingdom of Cambodia

On behalf of the Royal Government of Cambodia, I would like to join Cambodia's voice to the other LDCs in welcoming the outcome of this International Conference on Financing for Development. We came with a lot of expectations. We came to hear what the rich countries would do to assist poorer countries to get out of poverty. The Monterrey Consensus reflects what is really going on in the world: We are still witnessing pledges, even more pledges for ODA, even though not up to the desirable level. We are also hearing pledges for better and enhanced market access for LDCs' products.

The world's current economic situation does not allow us to get more than what has been achieved in Monterrey. We have to be practical; we cannot ask the rich countries to do more than what they can afford at this moment. We shall wait for better days. We do hope those better days will come soon enough so that, at the next World Summit on

Sustainable Development in Johannesburg, in August/September 2002, there will be more concrete results and better commitments than those made here.

My 5-minute speech will not do much, but if you add up the 5-minute speeches of 49 LDCs, you will come out with a long speech about their plea to get out of poverty. It is a plea for a new international deal – a grand bargain, as Mr. Mike Moore puts it in his speech yesterday.

I would like to add a few viewpoints to the previous speakers for your consideration. I am not asking for a quick decision but I am asking for a far-reaching political decision on the following matters:

Why are there now more LDCs than at the time of the Rio World Summit? I think the solutions that were provided since then were not comprehensive enough to help the LDCs out of poverty. You may talk about developed countries lowering their tariff barriers, simplifying import procedures etc. etc. You may talk about some of them being still very protectionist. But this is just one side of the coin. The other side of the coin is that from the LDCs' side, they too have not been able to perform well. Because of their lack of skills and knowledge of the world's markets, they have not been able to build up their supply capacity nor are they able to meet international standards. Therefore, I propose that further consideration be given to extend ODA to building capacity for trade in the LDCs.

There are 49 LDCs in which some are HIPCs and some are not HIPCs. This is not related to a horse race; it relates to public debt. There are some LDCs like Cambodia that tried to be less HIPC than the others. Why is the HIPC initiative going to be implemented only for those HIPCs and not also to the rest of the LDC group? Why are the rich countries not willing to reward those LDCs that tried hard not to be heavily indebted? Therefore, I propose that if any debt cancellation is under consideration by the rich countries – like those in the Paris Club – it should be extended on a non-discriminatory basis to all LDCs.

Mainstreaming trade into development policies has been neglected in the past. But nowadays people start to acknowledge that trade is a tool for development, the engine of growth. The Integrated Framework on Trade-related TA for the LDCs which was designed by the 6 Core Agencies – IMF, ITC, UNCTAD, UNDP, WB and WTO – is the right mechanism to assist the LDCs to master their own development. Therefore, I propose that further consideration be given to this initiative.

Making our voices heard in this International Conference is just one thing, but the other thing, which is more important for us, is how to be able to move the hearts of all the world's prominent leaders who are gathered here in Monterrey and to be able to develop their political will and their courage to shape a better future for the billions and billions of people who are still living under extreme poverty conditions? There is still some room for improvement and we do count on your commitment and your courage to materialize last year's Brussels Action Plan for the LDCs and the Doha Ministerial Declaration on WTO Development Agenda.

The Royal Government of Cambodia, through the voice of Prime Minister Samdech Hun Sen, committed itself to achieving the Millennium Summit Development Goals (MDGs) which emphasized the importance of efforts to integrate peace and development, and called for a coordinated and comprehensive approach by all partners to support economic growth, social sector investment, environmental protection, peace-building and the promotion of good governance. Your assistance is now needed more than ever if those Millennium Development Goals are to be achieved in 2015.

Cameroon

Statement by
His Excellency François-Xavier Ngoubeyou
Minister of State for External Relations, the Republic
of Cameroon*

First of all, I would like to convey to President Vicente Fox, his people and all the participants in this conference cordial greetings from His Excellency Mr. Paul Biya, President of the Republic of Cameroon, whom I have the honour of representing here, and the wishes for success that he has made for this very important meeting.

My delegation pays tribute to the spirit of Monterrey that you have managed to breathe into our debates. We would like to take this opportunity to congratulate all those who have contributed to the implementation of the Monterrey Consensus. In this respect we support the declaration made by the President of

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the Group of 77 and China. At the same time, we welcome the commitments made by the leaders of international economic and financial institutions.

Eighteen months ago, the Heads of State and Government adopted the Millennium Declaration, which aims at the eradication of poverty, sustainable development, promotion of peace and international security. In this Declaration, they made a commitment to pay particular attention to the specific needs of Africa. For their part, African leaders have sized up the challenges that face their continent. They designed and adopted the New Partnership for Africa's Development (NEPAD), which is both a strategy and plan of action for increasing economic growth and reducing poverty along the lines of the Millennium Declaration and promoting the integration of African in the world economy.

Cameroon, like other countries, expects that this conference will provide a clear and constructive definition of the ways and means of mobilizing the resources necessary for implementing the objectives of the Millennium Summit.

At this point in my statement, the essential question is whether we have met this expectation. There are various ways of assessing this. But Cameroon believes that there are some positive elements that should be pointed out. First of all, there is the Monterrey consensus that follows up on the Millennium Declaration. Then there are the decisions announced by the countries of the European Union, the United States and Canada in favour of increasing official development assistance. Finally, there is the agenda of international economic and financial organizations, in particular the World Bank, the International Monetary Fund and the World Trade Organization.

Cameroon associates itself with the Monterrey Consensus. Beyond the announcements, we expect specific measures that will allow Africa to implement NEPAD successfully. These measures involve in particular debt cancellation, an increase in official development assistance to rapidly reach the objective of 0.7 per cent of gross national product and questions related to international trade such as market access, the development of trade capacities and the elimination of agricultural subsidies. In other words, we must remain committed as one of the themes of our programme has stated.

China

Statement by
His Excellency Mr. Xiang Huaicheng
Minister of Finance and Representative of the
President of the People's Republic of China

As the curtain of the 21st century and new millennium is raised, it is opportune for all the Heads of State and other delegates to gather at Monterrey to discuss the issue of financing for development, which has a direct bearing on the future of mankind. Naturally, all the people who long for happiness are concerned about the outcome of the conference. On behalf of President Jiang Zemin, I wish to congratulate the convention of the conference. I also wish to express our sincere gratitude to President Fox for his kind invitation and the Mexican Government for all it has done in making this possible. Taking this opportunity, I wish to share with you the views of the Chinese Government on issues of development and its financing.

I. Establishing a global coordination mechanism for development in response to the challenges facing the world in achieving common development

At the turn of the new century, the world is faced with greater historical opportunities and unprecedented challenges in pursuit of its goal of common development and prosperity. The cold war era of half a century is over. The people all over the world share the common aspiration that peace should replace war, and development overcome poverty. The world is now accelerating in its trend towards multi-polarization and economic globalization, and the modern technology is progressing rapidly. Mankind holds a bright prospect in its lofty causes of promoting development.

The overall international situation at this stage remains in a state of peace and stability, but some regions are still ravaged by military conflicts, chaos, tension and uncertainty. Benefits brought about by modern science and technology have not reached out to all of the nations in this world. Global development is getting ever more uneven.

Of the entire world population, 1.2 billion people live under the poverty line, with less than a dollar a day. The developed countries takes a share of 86% in gross global product, and 82% of export market, whereas the developing countries take only 14%

and 18% respectively. While some countries have to deal with their internal problems which are part of the troubles, the primary cause lies in the absence of a just and equitable economic order that facilitates the fair distribution of the benefits of globalization.

Globalization facilitates the free flow and allocation of resources across the world, contributing to their efficiency. However, it has its inherent asymmetric weakness, as is particularly demonstrated by the uneven mobility of different economic factors, which tends to induce uneven development globally. Globalization per se is not the key factor, one way or another; what matters is the way it is managed with a view to maximizing its benefits and minimize its negative effects. Regrettably, however, the existing international economic order has failed to address the problems inherent in the process of globalization. Worse, it has intensely exacerbated the irrationality of the process, thus becoming the root cause of the widening gap between the North and the South.

To break way from the difficult situation and to respond to the challenges of development, it is necessary for each and every member of the international community to do their best to roll back all barriers, internal or external. To this end, we call for the establishment of a global coordination mechanism for development between the North and the South. Such a mechanism should follow the following principles:

- Firstly, it is necessary to establish a new international economic order that gets along well with the economic globalization to provide a favourable external environment for all the countries for developing their full potential. The new international economic order should address the issue of redistribution of the gains of globalization and require a development assistance mechanism in the context of globalization.

- Ensure equal status of and participation by all members of the international community and require that all international institutions listen to different voices, and take into account the interests of all the parties concerned in rule-making.
- Be supported not only by developing countries, but also by developed countries that must demonstrate their political will, which is critical for the viability of this economic order.
- History is rich in evidence that helps all sober-minded people recognize that prosperity cannot be enjoyed by anyone exclusively behind closed doors; that peace is dependent on development; and that lop-

sided development, if unchecked, will jeopardize the security, prosperity and welfare of mankind. We solemnly appeal to the developed countries that they should demonstrate their political wisdom and determination by adopting practical and effective measures to improve significantly the environment for the development of developing countries.

- Secondly, developing countries should affirm their ownership of their development programme.

- The international community should fully respect the rights of the countries to choose the road to development of their own volition and their right to undertake reform in a way that they deem fit. It should be fully recognized that a diversity of approaches to development exists, and that development moves in phases. There is no such thing as a stereotyped development mode or a one-size-fits-all solution that can be imposed on developing countries.
- In the final analysis, developing countries – have to rely on their own efforts to develop. It is necessary for them to place a priority on development and carry out economic restructuring and implement economic reform, opening up on the basis of political and social stability. Meanwhile, they should strengthen mutual cooperation and keep pace with global development by taking advantage of whatever favourable international conditions are available to them.

- Thirdly, It is necessary to improve coordination of development efforts at the global level. There must be a clear objective to guide the efforts to establish a global coordination mechanism for development. This objective is to promote productivity, improve the living standard of the people and the overall national economic strength of the countries in this world. With this in mind, efforts should be made to establish development partnership between the developed and developing countries, different international organizations, international donors and recipients and other related parties. It is necessary to enhance understanding of both development theory and practice, reach consensus and coordinate activities.

II. Strive to establish an effective General Framework of Financing for Development

Monterrey offers us a historic opportunity. This has enabled us to move closer towards the long-awaited ideal of setting up a global coordination mechanism for development. To make such a mechanism viable, the most pressing task at hand is to establish an effective framework of financing for development.

Countries have to rely on their own powerhouse for their growth. An effective mobilization of its domestic resources constitutes one of the fundamental elements of the development financing framework.

To fully mobilize domestic resources, there are three necessary conditions:

- The first is a sound and stable domestic political, economic and social climate. Effective mobilization of domestic capital and economic development is only possible under such a climate.

- The second is institutional innovation. Reform needs theoretical guidance and international experience. And a successful innovation in institutions in a country comes out of nothing but its people's unfettered thinking and creative practice.

- The third is a market system suited to its development stage and a macroeconomic regulatory framework chosen on the basis of the actual situations of a country. What is also required includes a sound public finance system, a highly efficient banking sector and an equitable social security system to meet the needs of development, and a series of appropriate fiscal and monetary policies to be implemented at the right time with a view to creating an enabling economic environment for sustainable growth, job opportunities and poverty reduction.

The core of establishing a general framework of financing for development is to build a new international economic order in alignment with the requirement of a global coordination mechanism for development. To establish such a new international economic order, it is necessary to restructure the existing international financial, trading and economic systems. As an integral component of the international economic order, the international economic system constitutes the critical institutional base that determines the way the developing countries get their equitable right to development. We stress that the following should be done for that purpose:

- To explore approaches to readjusting and reforming the international monetary system in order to provide a stable, transparent and predictable monetary environment for steady global growth. Major reserve currency countries should undertake their due responsibilities. They should take into account the interests of other countries, in particular the developing ones, in formulating their own macroeconomic policies and ensure the relative stability of the exchange rates of the major reserve currencies. We make it clear that a one-time special allocation of SDRs has to be completed at the earliest possible date. And we support the IMF in its efforts to make a general allocation in a timely manner.

- To reform the international institutions. In this connection, IMF needs to improve its member countries' representation and their status of participation. The Bretton Woods Institutions and the World Trade Organization need to strengthen coordination between the international monetary and financial policy and the international trade policy, and also the coordination between the two sets of policies and their development goals.

- To explore the possibility of establishing an international tax cooperation forum. In such a forum, exchanges of ideas and views can be conducted on tax policy, administration and other tax-related matters, and technical parameters and specifications can be tentatively formulated.

- To promote the broad-based participation by members of the international community, including developing countries, in the formulation of financial standards and codes. And the implementation of the financial standards and codes should be done on a voluntary and step-by-step basis.

- To crack down on financial crimes, such as money laundering and financing for terrorism.

- To strengthen international support for cooperation in the field of finance, trade and investment at regional and subregional levels, as a response to the challenges of globalization. And MDBs have an active role to play in this respect.

- To establish such a new international economic order, the international trade arrangements should take into full consideration the interests of developing countries.

Trade is the engine for global growth, and thus is vital for development of any individual country. Therefore, we maintain that protectionism of various descriptions should be eliminated and markets further opened. Meanwhile, special attention should be paid to the market access for textile products and clothing sector. And trade barriers for agricultural products should be rolled back, and tariff peaks and tariff escalation which hamper the exports of the developing countries be eliminated. Non-EU developed countries should actively join EU in offering duty-free and zero quota access for non-arms exports from all the least developed countries and highly indebted poor countries. We support the multilateral trading system, and hope that such a trading regime will represent to a greater extent the interests and desires of the developing countries. We expect that the Uruguay Round Agreement will be implemented through effective and concrete measures. We hope that in the process of the new round of negotiations, the special development stages of the related sectors of the developing countries should be taken into consideration, and these countries should be granted concessions and differentiated treatment in the extent and pace of their market liberalization. The negotiations should be conducted on the basis of consultation on an equal footing so as to ensure that the ultimate outcome will reflect a general balance of interests among all the partners.

- To establish such a new international economic order, the developed countries need to demonstrate their political sincerity and vigorously engage themselves in cooperation for the international development assistance. Globalization makes it imperative to establish a mechanism for income redistribution and benefit sharing at the global level, and to increase resource transfers from the developed to the developing ones. This mechanism should at least facilitate resource transfer through two channels. The first is the developed countries' ODA flows, at the targeted level of 0.7% of their GNP, to developing countries. And for that purpose a timetable must be set to reach this level as soon as possible. As a near-term goal, we call upon the donors to increase their contribution by US \$50 billion over and above the current level. We appreciate the political commitment that has recently been indicated by some donor countries in this respect. Secondly, the multilateral development banks (MDBs), as an important link in the international development assistance system, should strengthen

rather than weaken their role of resource transfer against the backdrop of globalization. The MDBs should rigorously observe their respective Articles of Agreement and regard their operational work for raising productivity and reducing poverty as their core mission and discharge their responsibility in resource transfer at the global level.

- To establish such a new international economic order, the developed countries are required to play a greater role in resolving the formidable debt issues facing many developing countries so as to help release more resources needed for their development. Over recent years, some countries and international institutions have made efforts to help reduce the debt of the HIPCs. We appreciate what they have done and hope that all the parties involved will take a step further in simplifying terms of debt relief and exercising more flexibility to bring benefit to HIPCs promptly. It should be noted that in reducing the huge debt burden on the developing countries, it's necessary to take practical efforts to address the systemic causes of the debt problem. Furthermore, debt relief should not be translated into additional burden for other developing countries.

- To establish such a new international economic order, the international community is required to help reinforce the efforts of the developing countries in attracting sustained, stable and orderly flows of private capital. In the present-day world, private capital flows have become an important driving force for economic development. We hold that the following should be done.

Efforts should be made to ensure increased FDI in the developing countries. While the developing countries should strive to create a sound investment climate, the developed countries should also try to remove restrictions they have imposed on investment intended for the developing countries.

Close attention should be paid to the impact of private investments on development; and technology transfer and dissemination in the developing countries should be encouraged.

Short-term capital flows should be subject to effective regulation and monitoring. In encouraging developing countries to tap the international capital market, the international community should strengthen regulation and monitoring, and enhance transparency so as to prevent any recurrence of financial crisis.

III. China's development is a major contribution to the development of the world

China remains a staunch supporter for the cause of global development. For over half a century and particularly since the launching of China's reform and opening-up programme two decades ago, our economic position and aggregate national strength have been markedly improved. The Chinese population, over 1.2 billion strong, have basically met their needs of food and clothing. And their living standards have improved substantially. China's stability and development constitute a tremendous contribution to world peace and development. Nevertheless, China remains a developing country. China still faces formidable challenges in many fields of endeavour for development. We have yet a long way to go and arduous tasks to tackle to achieve the goal of common prosperity for the entire nation.

We will continue to accord priority to development and structural readjustment propelled by reform and opening-up as well as scientific and technological progress. We will place the improvement of people's life at the heart of all policies and programmes and continue to promote progress in all our economic and social dimensions. At the Doha conference last November, China became an official member of the World Trade Organization. China will further deepen its reform, open wider to the outside world and present itself as a more active member of the world community.

As the biggest developing country, China will as always be committed to the common development and prosperity of the world. China's reform and opening to the outside world itself offers a tremendous opportunity for the global economic development. We will continue to be actively engaged in cooperation with the rest of the world on an equal and mutually beneficial basis.

In international affairs, China will continue to play its role as a major peace-loving, just and responsible country. It will also join hands with other members of the international community in dedicating themselves to reforming the current international economic order and safeguarding the equitable development of all the countries. China is willing to share with other members of the international community, particularly the developing countries, the experiences and lessons of development practice. In October 2000, China provided a debt relief in the amount of RMB Yuan 10 billion to the African countries. In the future,

as its own economy grows, China will continue to offer assistance to other developing countries to the extent possible.

"When rationality reigns, the whole world becomes one coherent community." This axiom, as propounded by an ancient Chinese sage as early as over two thousand years ago, expressed the noble ideal of the mankind for solidarity and peaceful co-existence for common interests. The world today leaves much, much room for improvement. This regrettable reality makes it all the more worthwhile to make our dream come true. The Chinese people will stand by all the peace-loving people in this world and strive for common development and prosperity.

A thousand-mile long journey starts with the first step. Let's begin from Monterrey and embark on the road leading to the development and prosperity in the 21st century.

Côte d'Ivoire

Statement by
His Excellency Mr. Aboudramane Sangaré
Minister of State and Minister for Foreign Affairs,
Republic of Côte d'Ivoire*

The delegation of the Republic of Côte d'Ivoire, which I am honoured to lead, wishes to convey its warmest congratulations to you, Mr. President, on your election to the presidency of the International Conference on Financing for Development. We commend you on the perfect organization, which I am certain will ensure our success. The President of the Republic of Côte d'Ivoire, Mr. Laurent Gbagbo, has not been able to attend and has asked me to convey to you and to the people of Mexico his fraternal greetings and the tribute of the people of our country.

Côte d'Ivoire is happy to participate in the International Conference on Financing for Development, a major event intended to set the course for a new partnership between rich and poor countries at a time when Africa, through the New Partnership for Africa's Development (NEPAD) initiative, is establishing a coherent framework to build its future. We are aware of the fact that poverty and destitution are a threat to the international community.

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The Heads of State or Government of the 189 nations that make up the United Nations agreed at the Millennium Summit to spare no effort to ensure the success of this meeting, which will undoubtedly help narrow the ever widening gap between North and South. Côte d'Ivoire also fully associates itself with efforts to implement the commitments made to eradicate poverty in all its forms and pays tribute to the United Nations and Secretary-General Kofi Annan for their work in convening this Conference.

We also wish to salute the development partners, such as the World Bank, the International Monetary Fund, the World Trade Organization, the International Labour Organization, the regional development banks and all others who have invested in such an outstanding way in developing the Monterrey Consensus, which has been adopted.

The African continent has been hard hit by poverty and has the largest number of least developed countries. Our peoples have great expectations for the conclusion of this meeting and they look forward to a genuine launching of their economies.

My country agrees with the G-77 and China that improvement of the social situation, living standards and protection of the environment through the mobilization of resources in a framework of new and appropriate partnership between developing and rich countries could effectively help eliminate poverty. To that end, my country believes that steps need to be taken in three major areas.

- First, all debt-relief initiatives that are a heavy burden on our financial capacities should be strengthened. In this regard, we welcome the various initiatives, including those that favour the highly indigent poor countries. Côte d'Ivoire, with a public debt stock of \$8 billion and an annual servicing that absorbs more than half of its earnings, expects to reach the point of deciding quickly this year, once it has prepared its Poverty Reduction Strategy Paper.

- The second major focus is increasing private direct investment, which has a more significant impact on wealth creation and involves fewer conditionalities. Direct investments create employment and make a lasting contribution to poverty reduction. But this assumes that our countries enjoy peace, stability, security and a transparent physical and legal framework. Similarly, an increase in public investment infrastructure and basic services, transport, education, health, energy and telecommunications is necessary. These direct investments need to be carried out in a spirit of partnership between the private sectors of the North and the South within an appropriate institutional framework.

- The third focus is removing trade barriers and liberalizing trade, particularly in the agricultural sector to permit the trade of African countries to develop and to take advantage of the opportunities of globalization. In this regard, we need to strengthen regional and subregional groupings, which will make it possible to draw greater benefit from a more significant economic space and support partnership agreements between the South and the North. These initiatives will not exclude immediate measures aimed at increasing official development assistance and particularly budgetary assistance with a bonus for countries with a strong capacity of absorption and that try to achieve good governance.

In this area, in view of the low repayment capacity of debtor countries, the resources should essentially be concessional and include a high proportion of grants. These efforts will demonstrate the good will of rich countries, as well as of the developing countries that have their share of obligations and responsibilities to bear. All these steps, if they are effectively put into place, will, between now and 2015, lead to the eradication of absolute poverty, as stated in the Millennium Declaration.

Côte d'Ivoire is gradually returning to the rightful place it held in the family of nations and today has fruitful economic and political relations with all its regional and international partners. It is committed to the principles of good governance and democracy, which should become a system of daily management.

I wish to take this opportunity to express our gratitude to the entire international community, which, by continuing to place confidence in Côte d'Ivoire, has enabled it to make a successful comeback to the international scene. This is also an opportunity to reaffirm the commitments made by the President of the Republic at the national reconciliation forum. These will be scrupulously respected.

Rather than just hope, Monterrey should offer us certainty.

Cyprus

Statement by
His Excellency Mr. Sotirios Zackheos
Ambassador and Permanent Representative to the
United Nations, Republic of Cyprus

Cyprus fully supports the Monterrey Consensus which we consider as instrumental for the achievement of the Millennium Declaration Development Goals of sustained economic growth, poverty eradication and sustainable development. The warm endorsement extended to it at the highest political level is truly promising. We sincerely hope that the commitments made will be implemented in full.

For, we must not lose sight of the fact that development means breaking away from the misery affecting millions of unfortunate people around the world. The most recent statistics are indeed staggering. Some 815 million people, including 150 million children, suffer from hunger and malnutrition. We must always remember that behind each and every one of these numbers there is a human being entitled to a better future and we should not rest until everyone's inalienable right to food is secured.

The developing countries and countries with economies in transition have an obligation to their people to decisively deal with issues like good governance, the fight against corruption, full respect of human rights, peace, and social stability. These are sine qua non conditions for development. The example of the associated countries with the European Union has provides ample proof of this fact.

Despite the fact that the main responsibility rests with the countries concerned, the developed countries can play a significant role in creating an international environment conducive to development and the elimination of poverty. They must ensure adequate and predictable development aid and broader market access for products and services from developing countries. They must continue their efforts towards alleviating their debt burden. The declining trend in financial contribution through ODA by the developed countries must be reversed so that the necessary funds will be available for poverty alleviation and development. The developed countries should strive towards the realization of the target of 0.7% and the lifting of any bureaucratic obstacles. I take this opportunity to welcome the important commitments made at

Barcelona by the European Union, the major partner for the Least Developed Countries, as well as by President Bush for increased development assistance. We sincerely hope that other actors will take a similar approach.

Particular attention is required in order to address the special needs of Small Island States, which face certain critical challenges related to their unique economic, social and environmental vulnerabilities. Cyprus shares many of their concerns and calls upon the international community to support wholeheartedly their efforts to achieve sustainable development. Cyprus, itself a prospective EU member, is currently in the process of overhauling its aid programmes and is examining ways to increase its already existing technical and emergency relief assistance.

The grave daily reality of poverty and underdevelopment must be confronted with an open mind and determination. The precarious state of the less fortunate of our planet inhibits the prospects of economic growth at the global level and restricts the prospects for gaining the most out of globalization. A serious engagement on the part of the international community will not only demonstrate an emerging global ethos of compassion and solidarity but more importantly, it will constitute an act, which will, in the final analysis, serve our common interests.

Czech Republic

Statement by
His Excellency Mr. Jan Kavan
Deputy Prime Minister and Minister of Foreign
Affairs of the Czech Republic

On behalf of the Government of the Czech Republic let me first thank the government and people of Mexico for hosting this important meeting. I firmly believe that this conference will help the international community solve current challenges of the globalized world.

The Czech Republic places great importance to the international development goals adopted by the UN Millennium Summit. As candidate for the presidency of the 57th GA, we are committed to contribute, as much as possible, to successful fulfillment of such Millennium Development Goals as: Halving poverty, universal access to primary education, reduction of maternal and child mortality and reverse of the

spread of HIV-AIDS by the year 2015. In order to make progress in resolving these complex issues it is necessary for partnerships and effective cooperation to take place between all the interested parties. These include the governments, international financial and trade organizations, non-governmental organizations and the private sector. The Czech Republic supports the process of financing for development with the hope that it will encourage the mobilization of both domestic and international efforts and resources and their efficient and cost-effective use.

The Czech Republic is convinced that the preparatory process for this conference by itself has made a significant contribution to improving partnerships between all the key stakeholders on the national and international level.

We are also convinced that the primary responsibility for the creation of a framework for sustainable development will always rest with the countries in question. Clear national strategies for the poverty reduction are, in my opinion, the necessary prerequisites for the subsequent engagement of donor countries, international organizations as well as the non-governmental organizations and private sector in the development efforts. To an increasing degree the developing countries are accepting responsibility for good governance, transparent decision-making and sound economic and legal environment. In this context we welcome recent initiatives, such as 'New Partnership for Africa's Development' and 'Poverty Reduction Strategy Paper'.

The process of financing for development represents, by its comprehensive scope, a fresh and holistic approach by the international community towards the sustainable development worldwide. The Czech Republic considers all elements of financing for development, i.e. domestic resources, private investments, international trade, official development assistance and debt relief, to be mutually supportive and beneficial.

The Czech Republic faced numerous challenges in its transition towards market driven economy in the 90s. We have achieved many accomplishments but we also missed some opportunities. Experience of our country as well as some other countries from our region shows how important coherence, credibility and appropriate sequencing of respective policies are. For instance, privatization, which is not preceded by establishment of adequate legal, regulatory and institutional framework can lead to economic losses with negative social implications. The absence of such an important legislation can also be conducive to corruption.

The Increase in foreign direct investments in the late '90s in the Czech Republic is a good example as to how the comprehensive reforms, transparency and good governance become the best way to attain a greater involvement of foreign investors.

The Czech Republic, as a candidate for EU accession, accepts its share of responsibility when solving the problems of the international community and is prepared to contribute to their resolution. As an emerging donor the Czech Republic intends to actively engage in international cooperation. The Government of the Czech Republic has accepted the 'Policy for Foreign Development Assistance for the Period 2002-2007', which supports the international development objectives and development practices in the Development Assistance Committee of the OECD.

I am of the opinion that, in particular, the group of the least developed countries deserves special attention. The Czech Republic supports measures to eliminate the marginalization of the least developed countries. As an active member of the WTO, the Czech Republic emphasizes that the Organization should take into account the requirements and justified needs of developing countries, namely the least developed ones, and supports their deeper engagement in the multilateral trade system. The Czech Republic endorses the importance of the Integrated Framework for Trade-Related Technical Assistance to the least developed countries. And we believe its pilot programme will bring tangible results in the near future. The Czech Republic is displaying its support for the least developed countries in the area of foreign trade by not applying any duty or quota limitations on imports of goods originating from these countries. The Czech Republic also welcomes the enhanced HIPC initiative, to which it makes active contribution, as a realistic tool for debt relief of the poorest countries.

Although I am sure that there is no direct causal link between poverty and terrorism, I am at the same time convinced that they share a common base. Unsolved extreme poverty, same as unsolved long-term political conflicts, (and especially a combination of both) can lead to feelings of powerlessness, frustration and anger which create fertile soil of sympathies for fundamentalist, radical or even terrorist behaviour. We therefore have to implement the Millennium development goals and fight poverty not only for moral and humanitarian reasons but we should also perceive it as an integral part of a struggle against terrorism and extreme intolerance of all kinds, as a struggle for stable, secure and more just world.

Allow me in conclusion to emphasize that the Czech Republic supports the efforts of the international community for full and effective cooperation within the framework of the process for financing development and for this reason is ready to support the adoption of the 'Monterrey Consensus'.

Denmark

Statement by
His Excellency Mr. Per Stig Møller
Minister for Foreign Affairs, Kingdom of Denmark

1.2 billion people around the world live in extreme poverty. They live on less than one dollar a day. They constitute approximately one fifth of the world population. In the United Nations Millennium Declaration we decided to reduce this share by half in 2015.

Who are the poor? What do they need? To meet the challenge we need to know whom we are targeting.

- The poor are:
- smallholder farmers
 - landless labourers
 - urban slum dwellers
 - households headed by women
 - and they are people displaced by conflict or natural disasters.

Three out of four poor people work and live in rural areas.

How can each of them break the vicious circle of poverty? How can the smallholder farmer improve his production and market his products? Especially if roads are lacking, transport costs high and prices low.

We need to focus much more carefully on the development of rural areas. On jobs, on small-scale industry and a conducive business climate. At the same time access to health and education is vital to improve the lives of the poor. Women – in particular in rural areas – continue to be the most potential agents for change. The tasks and responsibilities of many women in developing countries are enormous: From production of food to being the masters of health, education and raising a family.

The Monterrey Consensus underlines that the gender perspective must be mainstreamed into development policies in order to strengthen the global economic system. We have failed to support women properly in the development process. Still today custom and civil law does not allow women to own and inherit land. They do not have access to finance. In rural areas, poor women bring with them even fewer assets and rights than men do.

Governments must make clear commitments in order to improve the possibilities for the poor population. They must provide the necessary supportive policy, institutional and legal framework. And they must guarantee the rights of the individual. Accountable institutions and good governance are necessary to facilitate the efforts of promoting the potentials of the poor.

The link and the dialogue between the individual and the public sector need to be strengthened. The public sector must respond to the needs of civil society and of the private sector. Otherwise economic and social development is hampered. The consequence is insecurity – a feeling of being left out. We must change this through a real partnership. A partnership that develops at the grassroots level in the rural village, in urban communities, as well as at the central level.

We – the international community and its institutions – must be open to work in partnership, to pool our resources and to cooperate much closer. We must expand a true global partnership to pave the way for a Global Deal to be struck in Johannesburg. The Monterrey Consensus represents a fine example of a partnership at the national as well as the international level. To release the potential of the poor, governments have to be responsive to their needs. Only then can sustainable development be achieved.

At the international level we must continue to improve market access, reduce subsidies and pave the way for a more open, liberal and fair trade system. We see a close link between trade and aid. For instance through support for the establishment of small enterprises, private sector development and assistance to ensure real and open access to international markets. International trade agreements must be translated into reality in developing countries. The donors must be ready to assist this process.

Private investment should be recognized as a very essential element in fostering growth and development. But we – the rich nations – must fulfil our international commitments. It is not impossible: The yearly sales of Coca-Cola and Pepsi-Cola are \$40 billion. We just need \$15 billion more than that to meet the target of halving the number of poor by 2015.

The target of 0.7% of GDP as Official Development Assistance must be honoured. Concrete and determined effort by the rich world is long overdue. Denmark urges other donor-countries to establish concrete time frames for meeting their commitment. The decision last week by the European Union is an important step in that direction.

In the 21st century, prosperity and the well-being for all is a global concern. The goals have been set at the Millennium Summit. Now it is up to all of us to meet the challenge. The Millennium Goals can be reached, if we in partnership are ready to make them come true.

Denmark is fully committed to this new partnership.

Ecuador

Statement by
His Excellency Dr. Carlos Julio Emanuel
Minister of Economy and Finance, the Republic of
Ecuador*

Concern for the economic and social progress of our peoples has been on the United Nations agenda since its inception. The founders of the Organization understood that international peace and security depend to a large extent on poverty reduction, employment growth and a set of conditions that makes it possible to improve a population's quality of life.

Despite these aims, economic history records a growing gulf between developed and developing countries. Not only have the policies of the industrialized countries and the multilateral financial agencies failed to bridge these differences, in some cases, they have helped, on the contrary, to intensify the frequent economic crises by ignoring the social costs stemming from the implementation of adjustment programmes.

Ecuador is attending this Conference with the conviction that only a serious international effort can help make progress towards a world economic system based on equity. Failing that, the commitments that we may reach at this Conference will once again be no more than rhetorical utterances, which will not help to relieve the situation of millions of children, women and men around the world.

* The text of this statement has been transcribed from audio recordings, as the original was not submitted to the Secretariat

The level of external debt in many of our countries has reached unsustainable levels and become a factor that has slowed down development. Efforts to find a lasting solution to this problem have not been successful in that they have been driven and controlled by creditors, always in accordance with their interests, and have represented isolated ideas that have not tackled the underlying problems. This is the case with the Baker Plan, the Brady Plan and the Paris Club negotiations, which at the time of their presentation were seen as panaceas for resolving the problems of indebtedness of developing countries.

The economic history of the twentieth century shows that when there is political will, it is feasible to find lasting solutions to the problems of countries that at one time were highly indebted. The need for a global solution to current problems of financing and indebtedness should inspire the same creativity and imagination that gave birth to the Marshall Plan 50 years ago. It is important to remind this audience that the Marshall Plan proposed by the victorious countries of World War II proved to be an effective instrument, which was the reason for the recovery and development of post-war Europe.

The best example is the London Agreement signed on 27 February 1953, which enabled Germany once and for all to resolve its external debt problem thanks to the terms that it received from its creditors, which I shall succinctly outline. These included: An official discount from 50 to 75 per cent of its debt; a drastic reduction in interest rates, which was set between 0 and 5 per cent; a generous grace period for initial payments of interest and capital; the extension of deadlines for scheduled payments; and other excellent terms that were set at that time.

It is important to highlight that the ratio of Germany's debt servicing to its exports peaked in 1959, and amounted to 4.2 per cent, which compares very favourably with what has been happening in Latin American countries. At the end of 2000, for example, Latin America had an external debt amounting to approximately \$750 billion, the servicing of which cost \$166 billion, which is to say 45 per cent of its total export earnings. In the case of Ecuador, external debt payments absorb more than 40 per cent of the State's annual budget and its exports. Let us compare that with the 4.2 per cent granted to Germany 50 years ago.

In short, we believe that just as a Marshall Plan was required after the triumph of freedom over totalitarianism, today, the same kind of imagination and creativity are required to triumph in the war

against poverty. There is no doubt that the economic and social devastation that struggle against poverty has caused in the developing countries is much greater than the destruction inflicted on Europe in World War II.

At the same time, notwithstanding the efforts of developing countries on the domestic level to reform and liberalize their economies, there is still a set of international asymmetries, which have made it impossible to make good use of the opportunities and advantages of broader and more competitive global markets. The developed countries, for their part, have preserved market protection and distortion structures through the application of subsidies and tariff and non-tariff barriers to significant products of importance to the region. This is precisely what the Secretary-General of the United Nations Conference on Trade and Development described as negative financing for development.

It is in this context that we make the following proposal, which consists in three basic elements of what would be a global scheme:

- Firstly, we propose the creation of an international compensatory fund to improve the debt-servicing profile of middle-income countries with debt problems. The fund would be set up through a special issue of special drawing rights, and would be used to reduce the payment of interest and capital by those countries.
- Secondly, rather than international assistance, the developing countries, especially middle-income countries, require fairer international trade, which would seek to eliminate obstacles to trade, including tariff and non-tariff barriers and agricultural subsidies, permitting those countries to realize their competitive advantages. The developing countries, through a new trading round initiated in Doha, must be guaranteed access to the markets of developed countries.
- Thirdly, the relatively less developed countries require international assistance directed towards creating the economic, social and political conditions to overcome their serious problems of poverty. The developed countries have undertaken to devote 0.7 per cent of gross national product to this purpose, but they have not fulfilled this. Breaking this promise is unethical, and so an urgent rectification is required.

In conclusion, the resolutions that we reach at this Monterrey summit should be strictly applied in the immediate future. The United Nations, the World Trade Organization, the International Monetary Fund,

the World Bank and other international agencies that are competent in the field should watch over the enforcement of these resolutions and report on the way in which they are being complied with.

To paraphrase Victor Hugo, there is nothing more powerful than an idea whose time has come. Therefore, the lasting solution to the problems of financing for development must be found now. Both the Heads of State and Government, particularly those of the developed countries, mindful of their responsibility towards future generations, have today a historic opportunity to undertake new and greater commitments to sustainable development, with a view to building a fairer and more equitable world for everyone.

Egypt

Statement by
Her Excellency Ms. Fayza Aboulnaga
Minister of State for Foreign Affairs, the Arab
Republic of Egypt*

Allow me at the outset, in the name of H.E. President Mohammed Hosni Mubarak of Egypt, to express our appreciation to H.E. President Vicente Fox and the people of Mexico for the tireless efforts they exerted to ensure the great success of this important Conference on Financing for Development.

This high-level event comes to complement a series of important international conferences that were held during the last decade. However, the Monterrey Conference is unique compared with previous conferences due to the comprehensive way through which it attempts to deal with development in terms of financing for development, which is the essential problem for mankind to deal with.

The results of the Monterrey Conference are related to sustainable development objectives which we shall be dealing with in Johannesburg. Mr. President, this great challenge is even greater for the developing countries since they are not in a position to benefit as much as they could. And so we need a new stage, a new phase of international cooperation and common action in order to achieve a more equitable distribution of opportunities and in order to

* The text of this statement has been transcribed from audio recordings, as the original was not submitted to the Secretariat

cooperate more fully and effectively in achieving a better sharing of responsibility in this effort. The international community must realize that this stage is in the interest of all parties since the developed countries cannot continue to benefit from the fruits of economic activity and technological progress if developing countries continue to experience different problems. Financing for Development gives us the possibility as the prospects of domestic reform. We must leave open the door for developing countries for the same opportunities that have been available for developed countries. In the follow up stages after the industrial revolution, for example, it was necessary to embark on the reforms that would be compatible with the needs and the institutional abilities of developing countries. In this situation, we believe that aid for development will stimulate private sector flows.

Mr. President, in the last few years we have seen sustained efforts in the parts of developing countries to carry out economic reforms in their countries and to rehabilitate their institutions and to create an institutional environment which is favourable towards a legal environment that is favourable. Initiatives in Africa represent an implementation of these ideals since these ideas came from the African Continent. These ideas are beginning to bear fruit as we see an improvement in a lot of those peoples. We should be aware, nonetheless, that reform and transformation of structures involve a process of trial and error.

We must not overload developing countries in a way that is unsustainable for them in terms of reform because then the results will be contrary to those that we wish. The international community and the developed countries in particular must take on their responsibility and support authentically those efforts. There are limits or margins for reform. This process must be left open so that the developing countries will have the same opportunities to embark on transitions. This opportunity is necessary to develop reformed programmes in a way that is compatible with the needs and the capacities of developing countries.

It is clear that ODA continues to be very important in financial flows because this helps to finance projects, particularly infrastructure projects and institutional capacity-building projects as well as human capacity building. We need to encourage those private sector flows and decide on a higher level of ODA. This ODA should be more efficient and less tied to conditionalities and different constraints. If foreign

investment is a large part of developmental financing, still in developing countries 75% of those investments go to developed countries while 25% remain in the developing countries.

Monterrey helped clarify several things including coherence and the importance to increase and improve coordination between national policies and national institutions. This will prompt us to have coherence at the international level and that is where the effect will be the greatest, allowing the developing countries to mobilize their necessary resources for development.

And we have some policies that are incompatible with developmental efforts and contrary to the rules which certain developed countries have agreed to in the WTO. The developing countries need to open their markets within the WTO or in making structural efforts according to the Bretton Woods Institutions. The products of developing countries cannot reach developed countries if they do not have market access. And we see in the developing countries textiles and other products which are very competitive and which have a comparative advantage and yet they have no access to markets in the developed countries.

And, finally, I would like to add that the democratization of commercial institutions and financial institutions internationally along with better participation in decision making to develop rules and criteria in these institutions must take into account the needs of all countries and, in particular, the developing countries.

The Monterrey Consensus represents a minimum amount of consensus and yet the importance of this document is due to the fact that it is a basis for continued action at a higher level – at the international level – in order to put development at the top of the list of priorities. The follow-up of the Monterrey process is a true test of the will of the international community, as well as of the credibility of international protocol decisions. Policies and efforts and resources to be deployed according to more just and equitable standards which will help the developing countries allowing them to benefit from the chances and opportunities that are presented by globalization. That is the only way we can go so that the developing and developed countries can continue in their work towards world prosperity.

Eritrea

Statement by
His Excellency Dr. Woldal Futur
Minister of Planning and Development, Eritrea

At the outset, I wish to express that my delegation associates with the statement made by His Excellency Mr. Hugo Chávez Frias, President of the Republic of Venezuela, as the current Chair of the Group of 77 and China. Allow me, however, to make the following few remarks on behalf of the State of Eritrea in its national capacity. As I do so, I would like to take this opportunity to congratulate the Government of Mexico, the United Nations, the World Bank, the International Monetary Fund, the World Trade Organization, and all the other development partners that assumed leadership in the preparations for this timely Conference on Financing for Development for a job well done.

The people and the Government of the State of Eritrea appreciate the convening of this conference whose underlying objectives is to eradicate world poverty, enhance global cooperation, and secure international peace and security. We believe that extreme poverty, deprivation, and marginalization of peoples anywhere in the world are not only morally indefensible but also contribute to conflict, human right abuses, and global instability. Therefore, we welcome the reaffirmation, through this conference, that both developed and developing nations have a stake in eradicating poverty, and the commitments, on a global basis, to forge a new partnership for development.

We further appreciate the general consensus and commitment reached in Monterrey to establish stronger and more effective developed and developing countries partnership to eradicate poverty through sustained economic growth and development. More specifically, we commend the affirmation:

- That effective partnership among donors and recipients should be anchored on the recognition by the developed countries that national leadership and ownership of development plans and policies should be the domain of the recipient countries;
- That development should be effected and sustained through accelerated expansion of private investment and trade, and that trade based on duty-

and quota-free market access to the Least Developed Countries (LDCs) exports is the engine for sustained economic growth and development; and

- That more generous, more efficient, and untied development assistance should be made available to the LDCs that undertake concrete policy reforms and actions to substantially reduce extreme poverty.

The people and Government of the State of Eritrea strongly believe that a world free of abject poverty, diseases, and ignorance is a much safer, more humane, more democratic, and more peaceful community to live in. Accordingly, we endorse the outcome of and consensus reached in the Monterrey Conference on Financing for Development.

Moreover, it will be important to note that the Millennium Declaration Goals (MDGs) and those of the Conference on Financing for Development are central to Eritrea's development agenda. At liberation in 1991, Eritrea's development efforts started with scant domestic resources and very little or no external assistance. Priority was given to rebuilding the productive base of the war-ravaged economy and to establishing the legal, social and institutional framework required for achieving rapid economic, social, cultural and political development. Poverty reduction through a private sector led, rapid and sustained economic growth has been, and continues to be, central to Eritrea's development strategy. Eritrea's commitment to poverty reduction goals is also enshrined in its constitution in three key articles:

- Article 8, paragraph 2 states, "The state shall work to bring about a balanced and sustainable development throughout the country, and shall use all available means to enable all citizens to improve their livelihood in a sustainable manner through their participation";
- Article 21, paragraph 1 says, "Every citizen shall have the right of equal access to publicly funded social services. The State shall endeavour, within the limit of its resources, to make available to all citizens health, education, cultural and other social services"; and
- Article 21, paragraph 2 further states, "The state shall serve, within available means, the social welfare of all citizens and particularly the disadvantaged". Accordingly, Eritrea's overarching development objectives are aimed at attaining rapid, sustainable, widely shared economic growth and poverty reduction (in an environmentally sound manner) led by a dynamic private sector.

The strategy being pursued to achieve these objectives involves four main elements:

- Inducing widely-shared sustained economic growth by establishing a competitive environment in which efficient, export-oriented private firms thrive;
- Raising the skills and well-being of the Eritrean people by investing in education, capacity and institution building, nutrition, health care, and water and sanitation systems;
- Paying special attention to rural poverty reduction by investing in rural infrastructure, agriculture and livestock and pasture management; and
- Adhering to zero tolerance to corruption in both public and private sector management and establishing sound governance.

We have made real progress in all sectors of the economy since 1991. The war-devastated transport and communication services have been restored and expanded. The private sector responded to opportunities by investing in the services, construction and other resources-based industries. As a result, an average economic growth of over 6% per annum was achieved during 1992-2001. This was realized despite the negative impact on the economy resulting from the unfortunate border conflict between my country and Ethiopia.

While much progress has been made in increasing access to basic social services since liberation, the coverage and quality of social services is still poor in Eritrea. As a consequence, Eritrea's status of health, nutrition, and education is among the poorest in the world, and will require substantial investments and the support of Eritrea's development partners if the MDGs are to be achieved as planned.

The Eritrean Government believes that the primary responsibility for Eritrea's development lies with the Eritrean people and their government. Accordingly, mobilizing domestic financial and human resources for development is given top priority. External financial and technical assistance resources are also mobilized in order to supplement domestic efforts, mainly in those areas where they could be effectively utilized in advancing the country's development programmes.

In conclusion, I wish to reiterate that Eritrea welcomes the principles of true partnership as outlined in the Monterrey Consensus. We believe that only a strong partnership between the developed and the developing world can provide a reasonable chance for achieving the Millennium Declaration Goals. My

Government looks forward to the urgent and concrete implementation of such a partnership and I wish to assure you, Mr. President, that when the Monterrey Consensus is implemented – and it must – Eritrea will be prepared to meet its obligations and benefit from it in advancing its development efforts towards reducing poverty and achieving the Millennium Declaration Goals.

Estonia

Statement by
Her Excellency Ms. Kristiina Ojula
Minister of Foreign Affairs, the Republic of Estonia

Estonia assigns great importance to the ongoing development processes dealing with trade (in Doha), financing (here in Monterrey), and the environmental aspects of globalization. I'm sure that you will all agree with me if I say that this is an enormously complex system of interrelated activities. But I hope that if we make a serious effort, the Millennium Development Goals, or MDGs, and even more, are achievable.

Estonia, along with some other countries (usually referred to as new, donor countries or emerging donor countries), is in a very untraditional position in the midst of these development processes. Namely, we ourselves have started providing assistance to other countries. According to World Bank criteria, our economy has passed the transitional period and we have become a regular Western economy. But, on the other hand, we are still involved in several capital-intensive processes, which are being financed by other donors. I believe that this also puts us in a unique position to contribute to the on-going development dialogue.

First, with your kind indulgence, I would like to address the developing world:

Some 10 years ago, Estonia was, in the opinion of many expert observers and economists, a wildcat. Some even went so far as to say that we would have been better off staying in the Soviet Union, since we couldn't possibly be successful on our own. But we believed otherwise, and were able to prove our convictions to the sceptics. Our key to success was the liberalization of trade, and radical democratization. I am not claiming that if our model were to be copied, step-by-step by others, similar results would be achieved. But rather, my message is that different models and possibilities have to be thoroughly exam-

ined and analyzed, so that every nation can choose their own unique path to follow. But to do that, the most important thing is to know where one wants to go! Only then can specific and realistic targets be set for 1-year, 5-year, 10-year, and even 50-year periods. I can't stress enough the fact, that having a detailed plan is rather essential for successfully executing a development programme.

Despite all the external factors that may come into play, success lies mainly in one's commitment to implement changes according to the pre-set development plan. That commitment may also require the making of choices and decisions that may, at the moment, not be popular with the populace. These unpopular decisions and resulting measures would probably include the elimination of all so-called 'black market' trade, the enforcement of all legislation regulating business and trade, and the fight against corruption. These actions would definitely raise the ire of those that benefit from, or are used to just even accepting the aforementioned illegal activities. But as long as sound policies regarding governance, and an independent legal system and the rule of law are not implemented, I believe that no nation has a real chance of carrying out a rapid, or even stable, development programme.

On the other hand, with the successful implementation of these, and other, essential reforms, an efficient administrative capacity is created, which helps to ensure the effective use of aid rendered from abroad. In other words, development recreates development, ad infinitum. The saying "help comes to those who help themselves" is one essential key to successful development.

I would, with your permission, also like to address the international donor community:

As I stated earlier, Estonia is in a rather awkward position between the developing and developed worlds. But we are definitely progressing towards the latter. An integral part of that progress is to take responsibility for supporting others who are striving towards the same goal.

Estonia considers trade liberalization to be a crucial precondition for sustained global development, a matter which we also emphasized in Doha. There is a direct link between trade liberalization and economic development. Estonia, with a volume of foreign trade nearly twice the nation's GDP, is a prime example of that. I think that, after the initial shock of trade liberalization to producers, everybody will gain from a freer world market. If developing countries can produce products cheaper, and would be permitted to export them freely, all consumers would benefit.

I sincerely think that development should be a 'positive sum game'. This means that if, for us, the cost of providing assistance is smaller than the benefits to the recipient countries, we should definitely provide it. To enhance the commonweal of the whole world, we should all be ready to give up a marginal percentage of our material wealth. This will not affect our daily lives by lowering our everyday living standard, but can make a radical difference to the developing world. Therefore, Estonia strongly supports increasing official development assistance, or ODA, to the levels needed to reach the MDGs.

The process of development, in the middle of which we now find ourselves, is of the utmost importance for the achievement of the Millennium Development Goals. This requires all of us to make various very tough decisions. Estonia is willing to make the effort! And, I believe, that all of you, are as well.

Ethiopia

Statement by
Her Excellency Ms. Mulu Ketsela
Minister of State, Ministry of Finance and Economic Development, Federal Democratic Republic of Ethiopia*

May I also join my colleagues in thanking the Mexican Government for hosting such a historic meeting. I would also like to express my appreciation to the United Nations for organizing such an important meeting in partnership with the International Monetary Fund, the World Bank and the World Trade Organization.

This is indeed an exceptional and promising accord. The Monterrey Consensus acknowledges the linkage between Financing for Development and attaining the goals and objectives set out by world leaders, including those contained in the Millennium Declaration.

The summit has reaffirmed that the partnership between developed and developing countries must be based on a firm and meaningful footing. The summit has provided an opportunity to review the progress made so far and reinforce the support of developed countries for the aspirations and efforts of developing economies.

* The text of this statement has been transcribed from audio recordings, as the original was not submitted to the Secretariat

In recent years, a handful of African countries have embraced a sectoral development programme approach, while many are moving towards this direction. An effective sectoral programme requires that donors streamline and harmonize their implementation procedures through establishing joint supervision and standardizing their reporting, financial management and procuring assistance.

I believe that international conferences such as this one will enable donors to get serious about joining forces with recipient countries in their efforts to effectively manage foreign aid. They can do so by designing schemes appropriate for budget support for specific projects and move towards multi-year programming.

It has increasingly been recognized by many that to accelerate the pace of economic growth of developing economies, the relationship between donors and recipient countries has to be based on mutual trust and respect. As indicated in the draft outcome document, donors should support recipient countries to formulate their own development strategies and set up their priorities for implementing them.

We are greatly inspired by the emerging consensus reached by African leaders to play a decisive role in analyzing and fine-tuning the existing obstacles to Africa's development by discerning the development needs of the continent as reflected in the New Partnership for Africa's Development (NEPAD). NEPAD aims to focus on poverty eradication, sustain economic growth and development, minimize the marginalization of Africa and achieve lasting peace, security and stability. NEPAD seeks to unequivocally redefine the partnership arrangements between developed and developing economies.

The declining trend in export earnings resulting mainly from the volatility of the international price of primary commodities and the sluggish trend in investment in export items has intensified the indebtedness of less-developed economies. Furthermore, developed countries have been applying non-tariff barriers against the products of developing economies by giving reasons such as lack of standards, dumping and countervailing duties.

During the past decade, official development assistance exhibited a continuous decline and an uncertain future, consequently triggering foreign exchange and fiscal constraints to be more binding in many less-developed economies. We are however encouraged by the recent decisions of the European Union and the United States to increase the present average percentage of official development assistance

in relation to their gross national product. I have no doubt that the summit will help in influencing all developed countries to attain the internationally agreed minimum official development assistance average of 0.7 per cent of gross national product and to truly open their markets to the products of less-developed economies.

An assessment of the trend of Ethiopia's debt over the last decade revealed that the debt owed to multilateral financial institutions compared to claims of other official bilateral and commercial creditors has considerably increased. As noted in the Monterrey Consensus, debt relief should strictly be additional to the net inflows already being received by the heavily indebted poor countries (HIPCs). Moreover, HIPCs will only attain the desired level of debt sustainability if, and only if, the terms of trade for primary commodities do not deteriorate on the international market. If on the other hand the terms of trade exhibit a declining trend countries have to wait for some additional years to see reduction in their debt services.

Therefore, less developed countries will need to receive not only HIPCs debt relief, with maximum front, but also grants to help them reduce their indebtedness. To this effect international financial institutions and donors need to revisit and re-evaluate the existing debt-reduction mechanisms and prepare a better agenda for broader, deeper and faster debt relief.

Finally, we hope that we will find the resources required to implement these noble development goals incorporated in the Monterrey Consensus.

Fiji

Statement by
Mr. Amraiya Naidu
Chairman of the Delegation, Republic of Fiji

Fiji is proud to be participating in this important event at the International Conference on Financing for Development. My Government thanks the Government and the people of Mexico for their warm hospitality, excellent organization and facilities in hosting this landmark event.

The issues before us this week are critical for future global sustainable development. Small Island Developing States (SIDS) like my own country, Fiji and other developing countries, hold great hopes for the meeting's outcomes. The draft declaration provides an

excellent platform to advance the challenges of addressing sustainable financing issues for development. Therefore the Monterrey Conference will be the launching pad for mobilizing global awareness and commitments by all stakeholders, and to engender successful and tangible development results.

Fiji recognizes the need to align any agreed financial framework from this conference with the Millennium Development Goals (MDGs) of the United Nations, and with the implementation projections that will emerge from the World Summit on Sustainable Development. We are optimistic that these global initiatives will build on each other's strengths rather than to undermine their common and overarching vision of sustainable development.

As a SIDS economy, Fiji's participation in the world economy is beset with numerous challenges. We suffer specific handicaps arising from the interplay of factors such as smallness, remoteness, geographical dispersions, environmental and economic vulnerabilities such as natural disasters, and a limited internal market in addition to the general problems faced by the developing countries.

Today, the twin-forces of globalization and trade liberalization have quickened global developments to an alarming pace, and widen the gaps between the haves and the have-nots. Being small and vulnerable, Fiji has had to sacrifice and struggle to survive. To that end, our collective commitments this week must be progressive and visionary to advance the real concerns and threats to our survival. The current trend can render developing countries, including mine, on a continuing downward spiral in the immediate future unless substantive financial and monetary measures are put in place by the global financial institutions. At the same time all stakeholders need to mobilize necessary efforts for increased financial resources towards achieving sustainable development in the world.

It is imperative, therefore, that the Monterrey Conference is concluded successfully. To that end, our collective commitments this week must be progressive and visionary to advance the real concerns and threats to our survival. We envisage real progress as achievable in all economies if the relevant processes are participatory, fully gendered and holistic. Then only can we hope to inclusively share the benefits of globalization, which are to be distributed equitably amongst all societies and peoples of this world.

Mr. Chairman, making sustainable financing available is a key element in the eradication of poverty, through long-term sustained economic growth and the promotion of sustainable development in all developing countries. The commitments by the development partners to increasingly mobilize financial resources are crucial. The World Bank estimate of an annual injection of US \$40-\$60 billion into the system is conservative yet courageous. We need more actions if we are serious about meeting the development targets of halving extreme poverty by 2015.

Fiji believes that actions start at home. It is the responsibility of individual countries to formulate appropriate and effective policies and development strategies that are conducive to sustainable long-term development. Countries must be in charge of their own development, and policies must be locally owned and home grown. This is indeed the underpinning premise of the MDGs.

Limited resource base and constrained capacities for development vis-à-vis the international financial structures and trading systems and rules present problems for Fiji nationally, for our region and for the international community. We need the support of the development partners through the mechanisms identified in the outcome document. We need an increase in FDIs to our region, predictable market access and transparent trading rules, and raising ODA to internationally agreed levels. In order for developing countries to cease dependency on ODA and frame durable financial structures, capital outlay is essential to develop an enabling international, regional, and national economic and political environment, and broaden and build their economic base and capacities. That we see as the purpose of this Monterrey Conference. It is therefore imperative to implement the MDGs.

With this thinking, we offer for recognition and consideration at this conference several critical issues:

- First, the scarcity of domestic financial resources is a constraint on socio-economic progress and impedes our goals of attaining sustainable development. For SIDS, these are due to a combination of factors ranging from economic, geographical, and environmental, which we inherited not by design but from nature and are thus beyond our control.
- Second, strong, dedicated and genuine international commitments are in order from the developed world to create new opportunities for developing countries. It is vital that developing countries are assisted with such opportunities that enable us to earn higher incomes to deal with the perennial problems we face today such as poverty, HIV/AIDS and so on.

- A third priority area for action is to set up collaborative mechanisms to build and support, capacities of the developing countries, in particular the small and vulnerable, to participate in international fora, articulate their plights or successes, and to make decisions that affect them and their future.

Finally, if we want to make our world a better place to live in, we should all resolve to begin here at Monterrey with a firm commitment to direct financing resources where they are needed most. Only then can we meet the needs of the poor and vulnerable and give hope and dignity to their lives.

Gambia

Statement by
Hon. Famara L. Jatta
Secretary of State for Finance and Economic Affairs,
the Republic of the Gambia

On behalf of His Excellency, the President of the Republic of the Gambia, Dr. Alhaji Yaya A.J. Jammeh and my delegation, I should like to express our appreciation to the Government of Mexico for hosting this historic conference and for the warm reception extended to me and my delegation since our arrival in this beautiful city of Monterrey. We also commend the United Nations Secretariat, the World Bank, IMF and WTO, for their role in the preparation of this conference and for their continued support to LDCs in our bid to meet the myriad challenges of globalization.

The declining level of ODA is a matter of grave concern to developing Countries, especially the LDCs. Even though ODA is critical for meeting our many investment requirements and for eradicating poverty in the LDCs, most of our development partners have not fulfilled their commitments to its substantial increase. On the part of the LDCs, it is imperative to improve the utilization and effectiveness of ODA, so as to reduce and eventually phase out our aid dependency. We are concerned about the persistent decline of aid flows and believe that ODA must be increased to the agreed annual equivalent of 0.7 per cent of the GNP of developed countries. This need becomes urgent against the backdrop of the well-known difficulties faced by the LDCs in generating sufficient resources domestically, for their development requirements.

External debt is a serious challenge to almost all developing countries and there is need for appropriate strategies compatible with a range of situations. We should, together, agree on practical, realistic and comprehensive solutions to the problems of external debt of developing countries. Debt relief, including debt cancellation, should be provided expeditiously for highly indebted poor countries. The Heavily Indebted Poor Countries (HIPC) initiative should be fully financed through additional resources and not from resources hived off from outlays already made for our development priorities.

The HIPC Ministers, meeting on Financing Poverty Reduction Beyond HIPC II, reiterated their commitment to mobilizing external and national resources for poverty reduction, in ways that would ensure genuine long-term debt sustainability and financial market development. They also committed themselves to utilize debt relief proceeds productively and transparently on poverty reduction programmes, among other things. We will obviously not be able to do all of this by ourselves. We shall require commitment from, and partnership with the international community. Above all, we shall need substantial new external financing in support of our efforts.

In the Gambia, we have been making serious efforts to create an enabling environment to expand the domestic resource base, and strengthen mechanisms and Institutions to generate more resources and utilize them more efficiently, and to improve the trade and investment climate. Our efforts have led to dramatic improvements in recent years as a result of our implementation of comprehensive structural and institutional reform measures, which emphasize greater reliance on market-based mechanisms for the allocation of resources. These reforms include the liberalization of trading and payment arrangements, in furtherance of Government's objective to reduce the size and role of the public sector and correspondingly, make the private sector the economy's main engine of growth.

We have, however, come to the realization that, in spite of our own individual efforts, the most important determinant of success on a sustained basis, is a supportive and conducive international environment.

This conference would therefore have succeeded to the extent that it proves able to lay the foundation of a new international financial system that would be responsive to the priorities of growth, development and economic and social equity in the developing countries.

Although globalization has helped increase growth and wealth in certain countries in recent years, it has not done so for the LDCs. A worsening of the imbalances has impeded development and aggravated poverty in the LDCs. And while we welcome the opportunities globalization could offer for socio-economic progress, we fear that as pursued at present, it is threatening to further marginalize the poor in many of our countries.

Trade is a most important mechanism for mobilizing and expanding the resource base for financing development. In my view, an open, rules-based, transparent, nondiscriminatory and predictable multilateral trading system is essential for a healthy global economic system and would contribute significantly to world economic growth and the smooth integration of the economies of developing countries into the global economy. The multilateral trading system under the WTO must therefore be sensitive to the particular needs of LDCs.

The initiative by President Bush to increase the share of grants (as opposed to loans) in IDA, the concessional lending window of the World Bank, is a step in the right direction. We fully support the idea of increasing the grant element to IDA-only countries to 50% in a bid to improve the effectiveness of development assistance and to increase per capita incomes in the poorest countries. However, most donors have been reluctant to come along with the U.S. on this issue. I am kindly appealing to the donor community to support the U.S. in this positive and laudable initiative in our fight against poverty. In the same vein, we welcome the decisions to increase ODA by President Bush and the European Union.

We wish to express our faith and confidence in the Millennium Development Goals, which although ambitious but are indeed achievable with the concerted and sustained action by LDCs and their development partners. Developed Countries must unlock the financial resources needed for the development of LDCs, and for the attainment of the Millennium Development Goals. An effective follow-up and monitoring mechanism should be established for this Conference with a time-bound action programme to ensure that aid is delivered to the poor, and on time.

The task ahead may be daunting, but my delegation is confident that the collective wisdom of this Conference will provide a framework for a strong global partnership based on shared responsibility to promote economic growth and development in the LDCs. In this, all countries have a role to play and

none ought, for whatever reason, be left out, least of all, those countries that have shown goodwill and a willingness to contribute significantly to world trade, employment creation and poverty alleviation. The Republic of China (Taiwan)** has done much to contribute to these global responsibilities; and their presence here, as a major trading nation and a not-insignificant generator of income earnings for many around the world, would have, no doubt, enriched our deliberations.

Finally, my Government pledges its full support to the process that is unfolding at this Conference, and looks forward to the early implementation of the many commitments made by developed and developing countries alike, at this historic meeting in Monterrey.

Georgia

Statement by
His Excellency Mr. David Aptsiauri
Deputy Minister of Foreign Affairs, Georgia

At the outset, let me welcome all participants of this important forum and express the deep gratitude to the Bureau of the Preparatory Committee and the Coordinating Secretariat, the institutions of the United Nations for the meticulous preparatory work completed for the smooth conduct of the Conference. We are particularly grateful to the Government of Mexico, as well as to the authorities of the city of Monterrey for hosting this historic meeting and also for the elaborate arrangements made for this event. The economic progress of Mexico, in our view, is a positive example to those countries that are taking the hard lessons of transitional transformations.

For months we had been preparing to convene this unique global gathering of both developed and developing countries, the United Nations system and the Bretton Woods Institutions to consider and address challenges of financing for development and present to the international community a new agenda for global economic and financial progress with a specific set of measures and goals to be met in a timely way. And the 'Monterrey Consensus' is a good guideline for all of us.

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The recent tragic developments in the United States and new realities in the developing world made clear the expediency of establishing common mechanisms against international terrorism, including its global economic and financial impact. It has become obvious that sustained economic growth is the best contributor to international security and that both need the unqualified commitment of every nation. Hence, we have to devote not only the political will but also the resources required to overcome scourges of hunger, illiteracy, diseases and poverty.

For low-income countries, the main factors for success of economic reforms and poverty eradication programmes lie in obtaining free access to the world markets, liberalization of trade and resolution of external debt problems. It is in this domain that both the United Nations and international financial institutions can launch their initiatives.

Poverty alleviation has been a key consideration of my Government's reform programmes. Georgia is among the transition economies that have suffered most during the past decade. Fiscal collapse in the early 1990s, associated with a catastrophic decline in GDP, made it impossible for the Government to finance its most basic functions, let alone an effective social safety net. A series of bold reforms have been introduced creating the foundations for a market economy in the country; but weak implementation of these reforms did not allow society to reap their fruits.

In November 2000, the Government, in its interim Poverty Reduction Strategy Paper, has laid out structural reforms in five main areas to reduce poverty and stimulate economic growth:

1. Social sector reforms to improve allocation of benefits to better target the poor;
2. Supportive macroeconomic policies, such as tax and customs administration, to raise fiscal revenues;
3. Public administration reform based on recommendations of the anti-corruption commission;
4. Private sector development to foster investment in infrastructure as well as other areas; and
5. Agricultural reform.

Recently a draft of the full National Poverty Reduction and Economic Growth Programme has been developed. The strategy identifies economic growth as the main engine of poverty reduction, but also recognizes the need for a new focus giving priority to reforms in social sectors.

I should like to make particular reference to the persistence of the external debt problem and its negative consequences for countries, where democratic and market-oriented economic transformations are under way. We are alarmed by the fact that debt servicing has grown at a much greater rate than the debt itself. There are many countries which have no prospect of paying off their debts as the share of their foreign debt against their GDP and budget expenditure is rather high.

In this respect, let me draw your attention to the problem related to the considerable volume of external debt of Georgia, as a vivid example of this global problem. Formally, Georgia does not belong to the group of countries with huge foreign indebtedness, although the share of Georgia's foreign debts against GDP reached 431% in 2001. Last year the Government's total debt-service obligations accounted for 15% of its total revenue. Hence, despite significant reforms, the pension fund remains in an extremely difficult constraint and is unable to finance a basic pension. In addition, it is well known that more than 350,000 refugees and internally displaced persons from Abkhazia and Tskhinvali region are still a heavy burden for our budget. In this context, debt reduction may in some cases be a necessary condition for crises resolution and can play a vital role in freeing resources which can be directed towards programmes carried out to attain sustainable development.

Georgia, a recent member of the WTO, is determined to further contribute to the policy of the liberalization of global trade and considers its participation in the multilateral trading system as an important step towards integration into the world economy. We believe that a more equitable trading system has a major role to play in securing poverty eradication. The international financial institutions are an essential component of the development architecture and have an important role to play in increasing global prosperity for all. The World Bank and the International Monetary Fund have already invested a lot to strengthen economic, financial and legal systems of newly independent states. We are extremely grateful for the significant assistance rendered to Georgia by major donor contributors that was the backbone for fostering democratic transformations in the country at the most crucial stage of national development.

In this regard, we would like to support the initiative of the United States Government regarding the increase by the World Bank and other development banks of the share of their funding provided to the world's poorest countries as grants rather than loans for education, health, nutrition, water supply,

sanitation and other human needs thus significantly enhancing the social security system of the poorest economies. We also sincerely appreciate the intensive efforts and contribution of the European Union to the process of financing of overwhelming sustainable development.

We also underline the extremely important role of the United Nations in promoting security and sustainable economic development. The link between the two has never been more evident. Hence, there is a need to devise a new model of interaction and inter-coordination of the UN efforts on these key issues, including the further increase of the role of the LTNDP as a leading structure of consolidation of these efforts in the field. The universal character of the UN gives us an opportunity to achieve global stability and prosperity on this premise. In this respect, we consider establishment of a new global economic security system containing the guarantee for small transition economies, including countries of South Caucasus, for sustainable growth and effective exploitation of their resources as a major prerequisite for ensuring sustainability as a whole.

To conclude, let me express hope that the FfD Conference will become an important stage in the global economic processes, leading us to concrete actions for eradication of poverty, and for the sustainable development of every nation.

Germany

Statement by
Her Excellency Ms. Heidemarie Wiecek-Zeul (MP)
Minister for Economic Cooperation and
Development, Federal Republic of Germany

First of all, I thank our host, the Mexican Government, for having provided a platform for constructive debates and for having organized this conference so skillfully.

Six months after the atrocious terrorist acts of September 11, we, the delegates from around the world, have met at a time when the world is confronted with huge challenges. Our debate has to focus on how to shape globalization to serve the people and especially the poor – and thus to secure peace and stability.

The world is at a crossroads. The alternatives are either to build on progress achieved in many regions towards a more just world order – or a ‘world disorder’ of violence and war, of terror and misery.

This year offers a unique chance for making headway on fulfilling the Millennium Development Goals, here in Monterrey and later on in Johannesburg. Let us take steps towards a better world.

The challenges of eradicating poverty, shaping globalization, and securing peace demand a true partnership with shared responsibility. Partnership requires a better representation of developing countries in international economic and political decision making processes and fairer trade rules. All self-privileging elements, which the world trade system contains, need to be dismantled. Asking developing countries to further liberalize their economies is only legitimate if the industrial countries themselves refrain from applying double standards to the disadvantage of developing countries.

With free access to the market for products from the least developed countries under the ‘Everything-but-Arms’ initiative last year, the European Union set a positive example.

Germany advocates moving forward with the ‘Doha Development Agenda’. The Doha Declaration provides for a substantial reduction in trade distortions and the phasing out of all forms of export subsidies for agricultural products. This should be achieved as speedily as possible. Subsidizing agricultural products at the current levels runs counter to our development goals and lacks justification.

Economic globalization has outpaced political globalization. In my view the establishment of a high level Global Council is a worthwhile proposal to overcome the current inadequate representation of developing countries in international fora. Such a Global Council could discuss major economic and financial issues and chart out coherent political strategies. This proposal made in the Zedillo Report will remain high on the political agenda.

The financial resources available for development are too low by far to reach the Millennium Development Goals. The Monterrey Consensus sets out ways and means of mobilizing funds from private and public, as well as from national and international sources. Trade and investment are crucial for development financing. However, especially for the least developed countries and countries only marginally integrated in the world trade system, increased Official Development Assistance is indispensable.

An additional amount of some US \$50 billion in ODA each year is needed to halve the number of people living in absolute poverty. The Member States of the European Union just committed themselves to reach an average of 0.39 per cent of ODA

as a proportion of its Gross National Income by 2006. It is a concrete step towards achieving the 0.7% target, to which the German government is also firmly committed. Further steps will have to follow within the foreseeable future. The European Union's decision will translate into an increase of the annual amount of ODA from currently US \$25 billion to US \$32 billion in 2006, an additional US \$7 billion.

In view of the enormous demand for financial resources, an open and transparent discussion on innovative sources of financing and global public goods is necessary, as outlined in the Monterrey Consensus.

In this context, the German Development Ministry has presented a feasibility study on a tax on foreign exchange transactions. The study shows how such a tax could work in practice. Developing countries would benefit through reduced volatility of financial flows and more stable financial markets. Speculative transactions could be fought off. In addition, the tax would generate significant resources to be used for development purposes.

The Monterrey Consensus has been criticized by some stakeholders. However, I am of the view that the Monterrey Consensus contains a comprehensive agenda of policies for financing sustainable development. If the proposals are fully implemented, substantially more resources can be mobilized for development. Presently, huge amounts of funds are often mobilized for military actions without delay. Why should this not be possible in fighting the world's greatest enemy, absolute poverty? It must be achieved. Only partnerships for global development will guarantee common security in the 21st century.

Ghana

Statement by
His Excellency Mr. Joseph Henry Mensah
Senior Minister, Republic of Ghana

It is my honour to represent His Excellency President J.A. Kufuor at this landmark summit on Financing for Development and to convey his regrets at not being able to attend it personally. I wish also in his name to thank the UN and other organizing agencies, and you yourself, Excellency, our Mexican brothers and especially, the people of Monterrey, for the warm hospitality and the excellent facilities provided for this Conference.

The United Nations stands today as a towering symbol of the universal recognition that we are each our brother's keeper and must face together the challenge of making the world a better place for all. The sceptics and critics cannot take away the fact that past United Nations conferences and summits have been able to build on the vision of the founding fathers to consolidate many important gains for humanity: fundamental human and political rights; the dignity and equality of women; protection of children; the right to education, work and shelter; preservation of the environment, and equity in international economic relations. But we know through the bitter experience of repeated economic reversals and continuing insecurity, through the widening economic and social gaps between and within countries, that addressing the conditions for financing development in a comprehensive manner holds the key to building a world that we can all be proud of.

To justify all the expense and trouble of organizing this conference, we in the delegation of Ghana think that, together, the nations of the world should – and believe that they can – fashion powerful new instruments and relationships for mobilizing the massive volumes of financing that will be required just to address the deficiencies in the economic and social infrastructure of Africa alone. And yet unless the hundreds of millions of people subsisting in needless poverty in Africa are brought within the mainstream of the global economy as other nations race ahead under the stimulus of modern technology, the whole world will be the loser.

We, therefore, take heart in noting that the impulse of solidarity is still alive among the world's leaders. The government of Ghana salutes the President of the United States for reversing a long-lived downward trend and offering substantial amounts of additional financing for international development. We salute equally the decision of the governments of the European Union to break the long stagnation in fulfilling the commitments made between 1968 and 1972 in New Delhi and Santiago to allocate 0.7% of GNP to official development assistance.

It feels as if we stand on the threshold of a new Marshall Plan era. We trust that innovative modalities for channelling this solidarity will be fashioned in the follow-up work to this Conference. In particular, the delegation of Ghana would offer the idea of a third grant aid window at the World Bank as a possible innovation. We recall that the IDA window itself was added to the Bank's structure in the light of the experience with that first window. Monterrey could profitably lead to another step forward in these institutional arrangements.

Our country is well acquainted with the suffocating effects of unsustainable debt and the trauma of seeking debt relief. Some of the modalities and principles of financing that went into the reconstruction of Europe after 1945 must surely go into the programmes of partnership that are negotiated after Monterrey to bring Africa and other developing regions into the mainstream of the world economy. In the absence of some such bold initiatives, it is difficult to envisage how the lofty humanist goals of the Millennium Declaration could be attained.

If the private sector is to perform the leading role now universally assigned to it in international development, then the public authorities need to proceed rapidly with their task of building the infrastructure, training the manpower and enforcing the rule of law under secure democratic governance.

Time does not permit me to do more than mention the crucial contribution that freer and fairer trade should also make to this enterprise of changing peoples' lives. But we trust that other opportunities will offer themselves to further pursue that dialogue.

Greece

Statement by
His Excellency Mr. Andreas Loverdos
Vice-Minister for Foreign Affairs of the Hellenic Republic

On behalf of the Greek delegation, I would like to express my deepest appreciation to the people and the Government of Mexico for their warm hospitality in hosting this Summit. I would also like to extend my appreciation to the Secretary General of the United Nations for his tireless efforts to make the outcome of this Conference successful. This is a positive step towards our common goals set by the United Nations Millennium Declaration.

The European Union's contribution for the year 2000 reached US \$25.4 billion, which is more than 50% of all Official Development Assistance. Furthermore, the European Union seized today's historic opportunity and decided, during the European Summit in Barcelona, to further increase its annual aid volume by \$7 billion by 2006. This is a significant step towards the 0.7% target which strengthens our collective solidarity towards the developing countries.

In view of the above, Greece fully associates itself with the statement delivered by the Presidency of the European Union. Furthermore, we would like to affirm our willingness to increase our Official Development Assistance from 0.2% to 0.33% of GNI until the year 2006. In the next four years, we will spare no efforts to make substantial progress so that, collectively, the European Union reaches an average of 0.39% by the year 2006.

Greece, a few years ago, was considered a developing country. Today, it is a member of the euro-zone and a donor country. Our Official Development Assistance has been raised by 300% since 1997 and our growth rate of 4% is one of the highest in Europe. We are making our first steps as a donor state, but we cherish our recent experience as a recipient country.

Greece believes that development efforts should be based on the following seven key principles: participation, solidarity, equity, co-responsibility, foresight, ownership and partnership. Let me elaborate on the one that we consider most important, based on our own development experience. In our view, partnership is the key principle for the following two reasons:

- First, partnership is the most effective and efficient working scheme. It promotes coordination, coherence and complementarity of actions. It is also known to assist the promotion of good governance, to limit unpredictable bureaucratic procedures and to foster an enabling environment for investment.
- Second, partnership is a prerequisite for building trustworthy relations between all stakeholders by cultivating mutual understanding and enhancing transparency. We are aware that partnership bears obligations and sets responsibilities for all parties involved. At the same time, it requires the establishment of independent monitoring and evaluation procedures. In addition, the design and implementation of integrated programmes, as opposed to randomly selected projects, promotes aid-effectiveness by ensuring that the end receiver is the real beneficiary.

The lessons we have learned, both as a recipient and a donor country, proves the validity of these thoughts. They became the foundation of our philosophy while elaborating our recent Development Assistance Framework for the years 2002-2006, within the context of DAC. This means that our efforts must reach beyond our borders regardless of whether it is a child suffering in Africa, an Afghan refugee facing starvation, or promoting good governance practices in the Balkans.

We hope that the International Conference on Financing for Development, under the auspices of the Secretary-General of the United Nations, could become a first step towards a new Global Deal, based on effective partnerships, aiming to promote the equitable development of our global village. In this context, we welcome all efforts to implement the conclusions of the Doha Ministerial Declaration, as well as to further enhance the HIPC initiative. We wholeheartedly believe that we could elaborate sustainable solutions to poverty, hunger and malnutrition that affect more than 1.2 billion people every day on earth.

Inequalities in today's international economy may lead to fear of social and economic exclusion, risking to transform any new form of international alliance into a scheme of isolation. In the era of globalization, a fractured world of insiders and outsiders is not a safe and prosperous world. Our challenge ahead is to turn grievances into opportunities and opportunities into reality.

Grenada

Statement by
His Excellency Dr. Lamuel A. Stanislaus
Ambassador and Permanent Representative to the
United Nations of Grenada

It is more by accident rather than by design that I find myself in the unenviable position of speaking on behalf of my Foreign Minister of Grenada, who has had to cut short his stay in beautiful and hospitable Monterrey due to extenuating circumstances. Mr. President, the night is far spent; therefore I propose to govern myself by five B's! Be brief, be bright, be gone.

However, I must present the Minister's short statement which follows:

Much preparation has gone into this high-level event taking place in this beautiful setting in Monterrey. It is the hope of my delegation that the implementation of the outcome document will be commensurate with the many months of meticulous preparation.

Financing for Development as a concept and as an attainable goal is highly desirable, especially if a partnership can be forged between developed and developing countries to alleviate poverty, achieve sustained economic growth and promote sustainable development. Financing for Development can be seen as part of a process of implementation of the

Millennium Declaration, to which world leaders committed themselves in terms of the values of equality, solidarity and social justice. They promised to ensure that globalization would become a positive force for all peoples, especially those in developing countries.

If Financing for Development and Sustainable Development, which are mutually reinforcing, are not to be regarded as just pious pronouncements, every effort should be made to promote them in a practical and meaningful way, to ensure that the 21st century will become the century of development for all.

The 20th century has been called the century of outer space because of the remarkable achievements and discoveries. The 21st century can be the century of inner space, if the human condition, which we are addressing, can take centre stage, by being moved to the top of the international agenda. The fact that the international community is represented here at the highest level makes the occasion auspicious, historic, exciting and hopeful.

Financing for Development and Sustainable Development are two sides of the same coin – the eradication of poverty, which is key to development and peace. Achieving this laudable goal will of necessity be incremental. If, however, poverty can be halved by the year 2015, that would be a major step towards its alleviation.

Of the six leading actions identified to best advance the financing for development agenda, my delegation, due to the time constraint, will touch briefly upon three:

1. Mobilizing domestic financial resources for development, presupposes "the importance, sound policies and good governance as prerequisites for the efficient mobilization and allocation of domestic resources," based on the principle of national ownership of development strategies.

One such strategy is Capital Formation, which is largely dependent upon domestic economic mobilization. However, domestic economics are intertwined with the global economy, so that national development efforts need to be supported by an enabling international economic environment. And here is where Foreign Direct Investment (FDI) and Official Development Assistance (ODA) can play a catalytic role. The level of ODA is at an all-time low in thirty years, and one of the best outcomes of this meeting would be to restore ODA to its former level of 0.7% of GNP.

Moreover, while capital formation is enhanced by domestic savings, small economies and economies in transition are adversely affected by capital flight from developing to developed countries, caused in large measure by external debt, which is the greatest inhibitor to development.

2. The international community should be concerned that poor developing countries are compelled to mortgage their future with high cost of debt servicing, which is a millstone around their necks. The reverse gross flows from developing to industrial countries are approaching \$400 billion. This constitutes a drain on scarce resources that are sorely needed for social programmes such as health, education, welfare, and infrastructure development.

While debt repayment is both moral and legal, consideration should be given to the internal and external constraints that have caused many developing countries to become trapped in the vicious cycle of debt. Debt servicing can be the Achilles heel of heavily indebted poor countries (HIPC) whose vulnerability fosters political instability and social unrest.

3. Trade remains today, as it was since the days of the Phoenicians, the engine and the barometer of growth and development. Without trade, the economic misery index of many developing countries continues to spiral.

- The Secretary-General in his report points out how market access protection by developed countries currently imposes costs on developing countries which they can hardly bear. Such a trade barrier adversely affects products of export from LDCs, SIDS, landlocked and transit developing countries, as well as countries with economies in transition – all of which have difficulties in attracting financing for development,

- Because of their vulnerabilities, natural and man-made, trading partners should liberalize trade in goods and services of particular interest to developing countries.

- The MITO Agreements, with respect to special and differential treatments for some developing countries, should be implemented in a more equitable manner. However, developing countries should make every effort to their economies to include light manufacture of primary products, while developing a strategy of intra-regional trade.

In the matter of trade, my delegation commends WTO for admission of the People's Republic of China and the Republic of China on Taiwan** into the organization. Their combined industrial might with respect to goods, services, information, technology and communication will strengthen WTO's capacity to serve the international community better. With respect to the economic miracle, which Taiwan has performed in a little more than four decades, there is no question that it is ready, willing and able to put its vast resources and reserves at the disposal of the international community as it has been doing in certain small countries in Africa, Latin America, the Caribbean and the Pacific.

As we leave from this time and place, may we be reminded that this is not a time for optimism that sees no problems, nor a time for pessimism that sees no possibilities; it is a time for hope. Therefore we must not permit FfD to become a dream deferred, to dry up as a raisin in the sun – as did the new economic order and the peace dividends which readily evaporated.

Finally, the journey to Monterrey and later to Johannesburg in search of the link between financing for development and sustainable development brings to mind the words of the immortal William Shakespeare: There is a tide in the affairs of men, taken at the flood leads on to fortune. Omitted thus, all the voyage of their lives are bound in shallows and in misery. On such a sea are we now afloat; we must take the current while it lasts, or lose the voyage of our lives.

Mr. President, there can be no turning back. Forward ever, backward never!

** The statement has been reproduced as received. The designations employed do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations concerning the legal status of any country, territory or area, or of its authorities

Guinea

Statement by

His Excellency Mr. El Hadj Oumar Kouyaté
Minister of State for Planning, the Republic of
Guinea*

First of all, with your permission, I would like to convey two messages.

The first one is that on behalf of my delegation, I would like to express to the people and the Government of Mexico, and the President of Mexico, our thanks and our deep appreciation for the warm welcome given to us since we arrived in this great and beautiful country.

The second message is on behalf of His Excellency my President, General Lansana Conté, President of the Republic of Guinea. He was not able to make the trip for reasons of time, and his message is that he wishes to thank you for the invitation made to his Government to attend this important meeting and for the positive initiatives sponsored by the United Nations to promote International Cooperation in Financing for Development.

Guinea, along with most developing countries, is basically an exporter of raw materials, in particular, minerals like bauxite, aluminium, gold and diamonds, as well as agricultural products. These products, which fuel our export income, are those whose prices are determined by developed countries. The resulting deterioration of the terms of trade has a negative impact on the balance of payments and therefore on economic growth. This justifies Guinea's membership in a group of countries which believes that the World Trade Organization (WTO) should embark on a new cycle of liberalized trading, namely:

- To review certain counter productive regulations for developing countries in the framework of agreed measures,
- To eliminate export subsidies and to limit the support to producers in the global framework of liberalized agricultural trade;
- To reduce protectionist measures which are detrimental to developing countries and which essentially affect trade of manufactured goods such as textiles and clothing.

* The text of this statement has been transcribed from audio recordings, as the original was not submitted to the Secretariat

We take this opportunity offered by the Conference to reaffirm the appreciation of the Government of Guinea and thank the American government for making us eligible for the African Growth and Opportunity Act (AGOA).

As regards international cooperation for Financing for Development, it appears that the lack of internal resources in developing countries means that Official Development Assistance (ODA) and direct foreign investment flows have become indispensable tools for cooperation in order to implement our programmes and developmental policies.

Unfortunately, the shortfall in terms of volumes and amounts of transfers of financial resources, and the financial drag caused by debt servicing, continue to be factors, which impede growth and the economic renewal in these developing countries. It should be noted that the support given by donor countries is most often affected by the burden and cost of technical foreign assistance, which does not always promote the transfer of national competencies. We should improve this situation in the following ways:

- By developing an integrated and consistent policy for international cooperation based on national priorities;
- The promotion and development of the approach of national execution, in the development, implementation, follow-up and assessments of programmes and projects for cooperation;
- Implementation of the policy and programme of technical cooperation in order to achieve better management and technical assistance, and a transfer of technology which is bolstered by competence.

The leaders of developing countries are convinced that it is crucial to improve access to markets in developed countries for products in which they are competitive. In spite of clear improvements in lowering customs charges in the last few years, there are still important tariff and non-tariff barriers in place, which are still major obstacles. Any progress made in this area would enormously improve economic growth, diversification of production and exports of the countries concerned. We would reduce dependence on ODA, and infrastructure projects would become more viable because we would be accelerating our economic activity.

In terms of foreign debt, the Government of Guinea welcomes the proposal of the American President calling on the World Bank to provide 50% of its assistance in the form of grants. In this respect

we are gratified with the aid of \$5 billion to developing countries over the next three years, as announced by the American government, as well as the commitment made by the European Union (EU). In fact, greater reliance on grants would help also the long-term liability of developing countries, as it would spare them a large debt burden. The initiatives having to do with access to resources for Highly Indebted Poor Countries (HIPC) is one of the major means to reduce the burden of the poor countries.

African countries recognize the importance of the initiative as their means of procuring resources, which they very much need to have debt relief, which has compromised their economic growth. Therefore, we hope that this initiative will become more flexible and will prompt a review of grant conditions as well as providing more flexible eligibility criteria in the interest of providing debt relief.

This conference dedicated to Financing for Development gives us great hope. I wish that the implementation of the Monterrey Consensus will help reinvigorate international cooperation in the fight against poverty and for a more just world that is without HIV/AIDS – a world of peace and security.

Guyana

Statement by

His Excellency Rt. Hon. Samuel Insanally
Minister of Foreign Affairs, Republic of Guyana

Like so many countries gathered here in Monterrey, Guyana had hoped that this historic Conference on the Financing for Development would unlock the financial resources needed to promote development to allow our peoples to “live in larger freedom”.

We are rather disappointed therefore that the outcome has fallen so short of our expectations and indeed of the level of assistance required for development. Admittedly we have done well in fashioning a rough consensus on how the development agenda may be advanced. This is important, since without a shared vision and strategy we will not go far. We would therefore wish to warmly congratulate all those who made the Monterrey Consensus possible – the member states of the United Nations both developed and developing – the Bretton Woods Institutions, other UN agencies and civil society. More particularly, we would wish to thank His Excellency the President of

Venezuela, Chairman of the G77 – of which Guyana is a proud member – for promoting the cause of the developing countries. We would also wish to thank the Government and people of Mexico for hosting this historic event.

Admittedly too, some major donors like the USA and the European Union have announced on the eve of the Conference their intention to increase their official development assistance. We acknowledge and encourage these efforts. Still it must be a matter for regret, if not sorrow, that at a time, when we speak of the interdependence of peoples and when poverty is so rampant everywhere, there is not enough generosity of heart on the part of those who have for those who have not.

We would, therefore, like to think that this Conference is not a one-off event but rather part of a process that will quickly lead to more substantial results. We are, nonetheless, pleased to note that, at Monterrey, there has been a reaffirmation of the importance of financing for global economic growth. But, though dynamic and sophisticated, international financial markets are altogether too concentrated and selective. In some cases, trade in short-term financial assets has proved to be a recipe for financial chaos and contagion. We should seek to ensure that financial markets generate new assets that can create the wealth and employment so desperately needed for long-term development. To this end, we must pursue the campaign for reforming the international financial architecture to make it more congenial to our needs.

Equally important, the international community must now commit itself to ensuring that the debt burden, which continues to overwhelm so many developing countries, is made more sustainable. It would of course be helpful if more development assistance could be given in the form of grants instead of loans provided that:

- It takes into account the access and quantum of resources needed by poor countries; and
- It does not jeopardize existing soft-loan facilities.

Similarly, although much is made of market access as a panacea for all that ails the developing countries, it is for many small economies a useless key to a door that cannot be reached. Without assistance to satisfy such basic prerequisites as adequate infrastructure and investment, these countries cannot hope to compete in the global economy. More has to be done by way of providing not only special and differ-

ential treatment for our exports but also for development funds that will generate economic enterprise and transformation.

There is no need for further technical analysis as the United Nations Secretary-General has indicated in his 'road map' report on achieving the goals set by the UN Millennium Summit. "What is required is that all member states demonstrate the political will to carry out commitments already given and to implement strategies already worked out."

It is therefore imperative both politically and morally that the highest priority be given by developed countries to honouring their commitment to allocate 0.7 per cent of their gross national product (GNP) for Overseas Development Assistance (ODA). At the same time consideration has to be given to finding new and additional forms of financing to bridge the shortfall.

Mr. Chairman, the development models followed thus far have clearly been deficient. We have no option but to look for alternatives. It has become fashionable to speak of partnership as the lynch-pin of the development process. And indeed, such partnerships could place international cooperation on a more equitable basis and provide for greater assurance and predictability of financing. But, as with any other human partnership whether matrimonial, commercial otherwise – it must be clearly defined and go beyond mere words to firm commitment.

More immediately, we must promote coherence and country-specific policy measures to strengthen the linkages between trade, investment, economic growth and poverty alleviation. Only by so doing can we help developing countries to avoid the risks of globalization and enable them to integrate meaningfully into the global economy.

It would be sad if this Conference in which we had placed so much hope were to produce only a formal declaration full of good intentions but devoid of any practical measures for development.

Our people – especially the poor – have become impatient with such promises. At the very least, this Summit should come out with some concrete assurances that before long, more will be done to end the vicious cycle of poverty in which many millions are still trapped. We would, therefore, hope Mr. Chairman, that even at this late hour, our Heads of Government present here, with the persuasion of our distinguished host, President Fox of Mexico, will be able to build on the Monterrey Consensus so that the aspirations of our peoples for a better life will not be deceived.

Holy See

Statement by
His Excellency Archbishop Renato Martino
Apostolic Nuncio of the Holy See

This is truly a momentous occasion. World leaders and experts in the field of financing and development have come together to discuss those issues that will help lead to finding realistic and workable ways to address the elimination of poverty and the advancement of the human family.

The very fact that this meeting is being held is, in a way, an achievement in itself. The journey to Monterrey has its beginnings in 1997 with the adoption of the Agenda for Development and has brought us to reflect and design ways to finance development. Also, during each of the recent United Nations Conferences, Summits and Special Sessions, discussions in the areas of economic and financial development have been held. At the Millennium Summit, Government leaders recommitted themselves to meeting a series of development goals, among them the eradication of poverty and providing access to basic social services including health, education and clean water.

Too many families in today's world are forced to be concerned with survival and do not have the luxury of participating as actors in their development; too many people continue to be burdened by absolute poverty and live in countries where debt burdens make it impossible to gain access to basic social services and social safeguards. In this perspective, Financing for Development must touch all aspects of life, the individual, the family, the community and the world.

The events of the past few months, played-out before our eyes, have forced all of us to recognize the oneness of humanity. These events which continue to have an effect on our lives and touch the lives of so many, bind us together on our common path toward enhancing the well-being of all people. Everyone hopes to witness a renewed collective desire to help those living in poverty-transcending ideological, political and geographic boundaries.

Development is first and foremost a question of people. Human beings are at the centre of our concerns for sustainable development. Through development, the people of the world are offered opportunities for advancement. These opportunities are often the product of human ingenuity and, in many cases, through development the human spirit of ingenuity can be released for the benefit of all humankind.

Historically, financing has had its place within the discussion of development. However the task is too great for one community or nation to accomplish on its own. The underlying challenge is the adoption of an attitude of solidarity between and among all people. Financial decisions and their sound planning clearly contribute efficaciously to development and, in that sense, to the common global good. Good intentions and good will, while essential components, will not be sufficient to bring about true and sustainable development. Financing for development is a mix of good intentions, resources and varied approaches with the potential to contribute to the development and well-being of each and every person.

The Holy See has constantly shown its concern for the social and economic development of the world's people and the means to achieve that development. More than a hundred years ago, Pope Leo XIII issued the first great social Encyclical Letter, *Rerum Novarum*. In it the Pope stated the ideas that would become an inspiration for social policy for years to come: "Every programme geared to increased production must have no other end in view than to serve the human person, namely: to lessen inequalities, to remove discrimination, to free men from the bonds of servitude and to enable them to improve their condition in the temporal order, achieve moral development, and perfect their spiritual endowments. When we speak of development, care must be given both to social progress and economic growth."

In 1967, in his Encyclical Letter, *Populorum Progressio*, Pope Paul VI reinforced the position of the Church regarding the connection between peace and social and economic development: "Therefore, when we combat misery, and struggle against injustice we are providing not only for man's prosperity but also for his spiritual and moral development and are therefore promoting the welfare of the whole human race."

For this reason, the Holy See continues to involve itself in the on-going process of the development of peoples. Twenty years after *Populorum Progressio*, Pope John Paul II addressed the work that had been accomplished in the recent past and looked forward to the work that would ensue, including the work of this Conference: "It should be noted that in spite of the praiseworthy efforts made in the last two decades by the more developed or developing nations and the international organizations to find a way out of the situation, or at least to remedy some of its symptoms, the conditions have become notably worse. Responsibility for this deterioration is due to various

causes. Notable among them are undoubtedly grave instances of omissions on the part of the developing nations themselves, and especially on the part of those holding economic and political power. Nor can we pretend not to see the responsibility of the developed nations, which have not always, at least in due measure, felt the duty to help countries separated from the affluent world to which they themselves belong. Moreover, one must denounce the existence of economic, financial and social mechanisms, which, although they are manipulated by people, often function almost automatically, thus accentuating the situation of wealth for some and poverty for the rest. These mechanisms, which are maneuvered directly or indirectly by the more developed countries, by their very functioning favour the interests of the people manipulating them and in the end they suffocate or condition the economies of the less developed countries. Later on these mechanisms will have to be subjected to a careful analysis under the ethical-moral aspect."

The Holy See strongly believes that any effort in favour of development must analyze the moral ramifications of economic activity and its financing in light of a comprehensive vision of the human person. This is an absolutely essential interplay, a moral imperative, which has all too often been neglected in the dialogue over the ethics of economic life. A true concern for the development of peoples cannot afford to be reductionistic, but must respect the genuine claims of both economics and morality. Human dignity must be the central value for the financing of development. Such an authentic concern must prize the close relationship between the centrality of the human person and economic activity, stressing the subjective character of human work and its place in human creativity. As Pope John Paul II said, "The moral causes of prosperity...reside in a constellation of virtues: industriousness, competence, order, honesty, initiative, frugality, thrift, spirit of service, keeping one's word, daring – in short, love for work well done. No system or social structure can resolve, as if by magic, the problem of poverty outside these virtues."

One of the fundamental ethical principles of the social teaching of the Holy See is the principle of the universal purpose of created goods. A clear expression of this principle was proposed by Pope Paul VI: "God destined the earth with all that it contains for the use of all men and nations, in such a way

that created things in fair share should accrue to all men under the leadership of justice with charity as a companion. All other rights, whatever they are, including property rights and the right of free trade must be subordinated to this norm; they must not hinder it, but must rather expedite its application. It must be considered a serious and urgent social obligation to refer these rights to their original purpose.”

The world of today is overshadowed by a fragile peace and marked by broken promises. Too many people live lives without hope, with little opportunity toward realizing a better future for themselves, their children and future generations. It is the search for a healing of this lack of hope, this darkness of despair, that must fuel the continuing work of the world community, and which helped Governments to declare at the World Summit for Social Development, “We gather here to commit ourselves, our Governments and our nations to enhancing social development throughout the world so that all men and women, especially those living in poverty, may exercise the rights, utilize the resources and share the responsibilities that enable them to lead satisfying lives and to contribute to the well-being of their families, their communities and humankind.”

Governments cannot afford to allow the Monterrey Consensus document, nor the results of the discussions and deliberations held during these days to be forgotten or set aside. We cannot allow the work of this Conference to end here, but rather we must see this as the renewal of commitment that it truly is. And finally, the Family of Nations cannot allow one more day to pass wherein a real attempt to meet goals and make measurable progress toward the eradication of poverty are not pursued with all of the energy and resolve that it can muster.

Good progress has been made in the discussions that have led to the successful outcome of this Conference. Let those who watch what we have done and look forward to the next steps in implementation and cooperation, realize that there is hope, that there is commitment, and that there is an honest movement toward the elimination of poverty, the development of all peoples and societies, and a good foundation for building a better future for all humanity.

Hungary

Statement by
Mr. Gyula Nemeth
Chairman of the Delegation of the Republic of
Hungary

It is a great pleasure and honour for me to address the Conference on Financing for Development. The issues being discussed during this week are of great importance for all states participating, for the developed and developing world and countries in transition.

The basic precondition for the eradication of poverty is the sound and sustainable growth of the economy. For economic growth, both a high level of investment and efficiency thereof are needed. A relatively high level of domestic savings should be the most important source of investments. Foreign savings is also a key for the countries with a significant lag in economic development. It is to be emphasized that foreign capital should be additional to domestic savings, rather than replacing that. It follows that economic policy should create an environment to increase and mobilize domestic savings and to attract foreign capital. In that respect some lessons could be learned from the results and failures of the Hungarian economic policy in the last decades, which I shall try to summarize in the following:

Hungary's Economic Direction

Hungary is one of the Central and Eastern European countries that have made a transition to a market economy since the early nineties. The Hungarian economy is specifically an open one with a small internal potential while strongly lacking capital. Therefore, it had always come up for international funds, and the structural transformation involved in the enormous political and economical changes in 1989 would have been impossible without international financial assistance. However, the starting position, i.e. the heritage of the ‘ancien regime’ made up a heavy burden in every aspect. The resilience and adaptability to the world market environment of the Hungarian national economy was poor and the domestic producers faced increasing difficulties in the sharp competition.

As a consequence of poor adaptation skills, the economic growth was coupled with permanent imbalances. Finally, the Hungarian economy was close to the debt trap condition by the early '90s. Our net external debt approached 50 per cent of GDP and

130 per cent of exports. In that situation, the economic policy management put the cause of substantial reforms at the forefront to achieve, in several succeeding stages:

- The legal and institutional framework of the market economy to be established;
- The national economy to be stabilized through structural changes and increasing competitiveness;
- Then, the sound and balanced economic growth to be implemented permanently.

Over the past ten years Hungary has made serious progress with a view to these objectives. The structural reforms to cause the necessary microeconomic attitude were the following:

- By now the private sector is dominant in Hungary. Its contribution to the GDP makes more than 70 per cent as a result of the new business establishments supported by the government and elimination of all obstacles to the market access and privatization of state-owned enterprises.
 - Privatization was linked to such a bankruptcy law as to contribute to the liquidation of inefficient capacities, thereby introducing a radical structural change.
 - Economic role by the State essentially reduced including income centralization dropped to just over 40 per cent from 55 per cent while the rate of redistribution fell to about 45 per cent from 60 per cent.
 - The fiscal policy had a large part in increasing the funds available to the enterprises within the total of GDP, thus creating an essential condition of the business sector expansion.
 - All obstacles to market forces in determining prices, costs and the free competition were removed. At a fast pace, wages and external economy were also liberalized. The Hungarian economy has been open to international competition bringing about a radical adaptation constraint.

In view of stabilization and following modernization, strengthening the financial sector was of vital importance. The entry into force of the laws concerning bankruptcy, the credit institutions and financial enterprises as well as the re-codification of the central bank law have provided for clear rules in accordance with international money market standards.

An important objective of Hungarian economic policy since 1990 has been to create an environment attractive for foreign investments. The yearly FDI inflow in the last decade has been in the range of 3-5 per cent of GDP. It has been facilitated by a legal system based on international standards; therefore, the investors are familiar with those.

As a result of structural reforms, the rate of domestic savings in the last 5 years has been about 24-25 per cent of the GDP and the investment/GDP ratio has been even higher. There has been a substantial improvement in the efficiency of investments, for example the growth of productivity in the manufacturing sector in the last 10 years has been over 10 per cent on an annual average basis. The problem of indebtedness ceased to exist. The possible capital inflow of the Hungarian economy is clearly subject to the profitability of investment. The equilibrium problems were eliminated. We managed to leave the 'stop-go' track and, since 1997, we have permanently gone on a growth path with the characteristics of 4 to 6 per cent of annual rate based on productivity gains of over 3 per cent above the EU average.

Hungary, while successfully passing through the transition period within a historically short time, is ready to share her many-sided experiences in reinforcing democratic institutions and market economy with the partner countries. We are convinced that sharing our own way of practicing the requirements of good governance especially in the fields of privatization, financial and banking consolidation, running of local governments etc. could constitute an effective form of support to the interested partner countries.

Importance of Common Development Goals and Concluding Remarks:

The foregoing may give sufficient reasons that the legal environment to provide incentives and safety as appropriate for the development of enterprises, the predictable macroeconomic regulation, the system of taxation causing efficiency to improve as well as strengthening the financial discipline all allow for the internal sources of development to be mobilized and external ones involved.

Hungary fully shares the development goals as internationally agreed including those contained in the Millennium Declaration and is committed to collaborate with all the stakeholders to eradicate poverty and promote sustainable development. Hungary is, within its powers, ready to share its many-sided experiences in building democratic institutions and establishing market economy with the partner countries in the developing world; to participate in the international

efforts to mobilize financial resources for development; to promote the equitable multilateral trading system and to increase official development assistance.

In the last year, the Government of Hungary took a decision to launch a gradually expanding national programme of development cooperation focusing on the bilateral ODA activities towards the traditional developing partner countries. We intend to increase our development cooperation capacities with the purpose of actively contributing to the implementation of the international community's objectives mentioned above.

In addition, Hungary welcomes and supports, inter alia, the efforts of the international community taken by international financial institutions, as well aimed at creating a functioning structure in which reducing the long-term debt burden, social and economic development of the poorest countries can also be realized through both bilateral contribution and debt relief.

Hungary is determined to participate in building a global alliance for development engaged to ensure that the agreements and commitments reached in this Conference are properly implemented.

Iceland

Statement by
His Excellency Mr. Geir H. Haarde
Minister of Finance of the Republic of Iceland

We live in an interdependent global community. Globalization is now a fact for most nations, not an option. It has contributed to greater prosperity and increased growth. But it has also brought new challenges and raised new questions. How are we to ensure that all countries reap the full benefits from globalization? How can we ensure a more equitable global economic environment? These are some of the most pressing challenges facing the international community today.

Global partnership for financing for development is a key element in this endeavour. I would like to commend Secretary-General Kofi Annan for bringing together the UN agencies and the Bretton Woods institutions as well as the private sector to address this important global issue. I also thank the Government of Mexico and President Fox in particular for the hospitality we have enjoyed during our stay.

Iceland's position as regards the main issues of this conference is very clear. We fully support the proposed text of the Monterrey Consensus. As stated in the draft text the internationally agreed development goals, including those contained in the Millennium Declaration, call for a new partnership between developed and less developed countries. This should, inter alia, include a firm commitment to sound, free-market economic policies, good governance in a proper constitutional environment, human rights and gender equality as well as transparency through the rule of law.

We must recognize that the global economic environment is a decisive factor in development. We know that unimpeded international trade is an engine for growth and development and that foreign direct investment is a means for transferring capital, technology and know-how. To take advantage of these opportunities, the developing countries and the economies in transition must be fully integrated into the global trading system and assisted in building a domestic environment that attracts investment and fosters prosperous economic activity.

The opportunities of globalization do not, so far, benefit all countries equally. For some of the marginalized least developed countries, Official Development Assistance is still the largest source of external financing and often critical for meeting their development goals. It is imperative that we focus specifically on harnessing the forces of globalization to the benefit of these countries.

How can this be brought about? There are no easy solutions. But many small things can add up to something bigger. That is why I believe a small country like my own can make a difference. We believe that the least developed countries should receive duty-free and quota-free access for their exports. Iceland has granted unilateral tariff concessions to the least developed countries, putting them on par with our partners in the European Economic Area. I encourage those developed countries that have not already done so to improve their market access for exports from the least developed countries. The benefits from such actions are obvious.

It is also imperative that debt servicing of the developing countries does not hinder their efforts to provide essential health and education services that form the basis for a healthy development of the economy. We are encouraged by the progress in implementing the enhanced HIPC initiative. It remains our hope that external debt relief will enable the poorest nations to use the funds that have been channelled

into debt servicing to stimulate economic growth, combat poverty and strengthen their infrastructure. At the same time we should acknowledge that the fight against poverty could only be successful if the poor countries themselves lead the way while the Bretton Woods Institutions are there to support them.

The time has come for a unified effort by political leaders as well as civil society and the private sector, to reverse the trend of marginalization and underdevelopment. We stand before an unprecedented opportunity to make a real difference in the lives of millions of people throughout the developing world.

The Monterrey Consensus is probably one of the most important documents in the history of international development cooperation. It lays a foundation for partnership between the developed and the less developed countries in dealing with the challenge of poverty eradication and sustainable development. The document, furthermore, puts into focus the need to place development issues in the forefront of international politics much as economic policy is a major part of political life at the national level in most countries.

I do hope that this conference will make a difference and will help create the necessary conditions for future financing for development.

India

Statement by
His Excellency Mr. Arun Shourie
Minister for Privatization, Republic of India

Mr. President, First of all, please accept our deep appreciation for the warm hospitality of the Government and people of Mexico, and for all the work they have put in to make this Conference such a success.

We have had an extensive, open and rewarding encounter over the week about the ways we wish to shape our collective future. Recent events have reminded us, the Conference has underscored, that our future is indivisible. When we hear of a catastrophic train wreck, Mr. President, we do not ask how many people were travelling first class. It is no different for human society on planet earth. Today this realization unites us, and with this Conference we have taken a big stride in delineating what steps should be taken to safeguard, and fashion that future.

We believe that following are among the contours of the 'new partnership' that is envisaged in the Monterrey consensus document:

First and foremost, the primary responsibility for improving the state of our affairs lies with our own societies. We have to mobilize our own resources in greater measure. We have to ensure that those resources, as well as what is received by way of aid, is used better.

Nor do I detect, Sir, the moral hazard that some others do in linking aid – like devolutions within our own governmental structures – to performance. The argument seems to be that the enforcement of performance criteria will inflict hardship on ordinary people, specially the poor – who are in no way responsible for malfeasance or inefficiency. The recipient country should be the most concerned, as it is the most affected, by the conduct that leads to those resources being wasted or siphoned off. Given the vast pool of talent and experience that is available in the development community and in our countries, I am sure it is possible to devise criteria that achieve both objectives simultaneously: they help improve conduct, and at the same time insulate the people at large. Such criteria will ensure that resources are better used, and therefore the resistance to raising resources for aid will be softened; and the people in our societies – the poorest, most of all – will reap greater benefits from those resources.

We must own up to and scrutinize our own working: it is entirely right, of course, to remind others of what they are doing, of what more they should be and are not doing, but we too must own up to what we inflict on our own people. True, many things remind everyone today of how intertwined their fate is with that of others. The consequences of a territory and of resources becoming available to terrorists, of a breakdown of public health systems in one region, of a polluting industry, affect people far and wide. This has quickened compassion and concern. But we cannot bank on this as a solution. Each society has enough problems of its own to contend with and to meet them. And no one owes us a living.

That is what I would want people from countries like mine to be mindful of, with whom I am one.

My counsel to friends from the developed world is naturally the converse! That today there is a net transfer of resources from many poorer countries to the North is a grave reproach. A house with such vast chasms between rooms cannot stand, any more than one divided against itself – indeed, such a house is bound to be not a dwelling at all. But those chasms

cannot be bridged; the campaign against the impoverishment and indignity that afflict vast sections of humanity cannot be won, without resources. It was well said at the time the size of the Marshall Plan was being debated that it is no use extending a ten feet rope to a person drowning in twenty feet of water. The target of assistance established three decades ago is not an excessive call on the means of rich countries.

The announcements that have been made by the United States and by the EU are most welcome. They are the 'headline news' of this Conference. But we must also remember that they are but a fourth or fifth of what panel after panel has estimated is required for meeting just the Millennium Goals: Goals to which the Heads of State and Government of the world committed themselves in the General Assembly, Goals which themselves are modest as can be.

We must proceed on the assessment of the leaders of the US and EU that this is the most that the peoples in those countries can be persuaded to part with in the coming years by way of aid. That assessment redoubles the argument for innovative methods of raising resources. A variety of them have been broached and others can be devised. Many involve small levies but generate enormous amounts through the volume of transactions they catch. We should not long postpone seriously evaluating these proposals: adopting them will raise resources, of course; it will also help change the content and direction of 'growth'.

We do hope that a substantial part of these enhanced flows will be channelled through multilateral development agencies, including the regional banks. These agencies have done exemplary work. They have pervasive acquaintance with countries and societies that need to be helped. Every dollar that they get, they can leverage to mobilize three dollars from private funds. And they manifestly do not have the resources that the tasks that have been assigned to them require. Can the current funds at the disposal of the IMF meet the typhoons that sweep financial markets these days? Are the funds and programmes of the United Nations not struggling for more resources? Surely the World Bank can expand its operations.

In their turn, the multilateral agencies should deepen the introspection they have commenced about the policies and conditions they have been prescribing. Were the conditions appropriate? Were they too onerous or too numerous? What was the assessment of these agencies of countries in South East Asia, what had they concluded about Argentina –

just before these countries went into a tailspin? Surely, each of twelve revival packages to a country must have been justified on the ground that it would lead to a string of improvements. What happened in fact? This introspection should probe deeper, as I said. And the results should be made public as well. Few measures will build confidence in the expertise of these vital institutions as doing so will.

Important measures have been proposed at the Conference. Important proposals have been advanced, important announcements made to enhance the flow of aid. Everyone has also stressed that the important thing now is to implement them.

Sir, even as we urge closer monitoring of development programmes, we should set up a mechanism, a device for monitoring the implementation of what is agreed upon at our gatherings. In the last few years we have had the Rio Summit on the environment, and the one in Kyoto. We have had the conference on population and development in Cairo, the one on women in Beijing, on human rights in Vienna, on the social agenda in Copenhagen, on the habitat in Istanbul, there has been the UN meeting on small arms, the General Assembly has met and agreed upon Millennium Development Goals. We will soon be meeting in Johannesburg to consider ways to make development sustainable. We should task a group of experts to prepare an annual 'Action Taken Report' – with a chapter per conference – that sets out the decisions that were taken at the conference, and what has been done in regard to each decision and goal.

Another factor affects the quantum of resources that are ultimately available for development: corruption. The donors complain that leaders and civil servants of the poor countries eat away the funds. The latter point out that the firms that bribe are from the rich countries, that the funds soon find their way back to banks and properties in the latter. Either way, concerted, cooperative action is required. After 9/11, information is being exchanged about financial operations of terrorist groups. Exactly the same sort of cooperation should be instituted to exhume moneys spirited away from poor countries. To invoke bank secrecy laws in this regard, and simultaneously to engage in elaborate debates about amounts that can be made available for aid, is to mock the poor who have been robbed – as it is to mock taxpayers in the richer countries from whose contributions aid is being financed.

As important as the quantum of funds is access to markets of the North. Removal of tariff and subsidy protection in even a few sectors will release a vast flood of sustained resources for the South through exports: the subsidies to agriculture alone that are given in the rich countries exceed \$1 billion a day. You will recall that till just a few years ago India was dependent on food imports. Today, government godowns alone have more than sixty million tonnes of foodgrain stocks. That is far more than we require for food security. But as we cannot export them – because of non-tariff barriers and because of the effects subsidies in the potential markets have on prices there – the stocks are becoming a heavy burden on governmental finances. We must also bear in mind that acute misgivings have been expressed about many features of and about the impact of globalization. The one way to allay these is to ensure that there is globalization not only of markets in the South and of capital flows, but also globalization of equity and opportunity everywhere.

Great emphasis has been placed in our deliberations on creating conditions that would enable and induce private capital to flow to developing countries. That is but right. And the fact is that many a developing country is striving today to become an attractive investment destination. Indeed, there is a competition to outdo each other in this regard. Our countries recognize that it is not enough to lift barriers to foreign direct investment. Today they actively woo it.

Private capital will be effective – and it will be most naturally welcomed – when it works to produce goods that meet the felt needs of the people in those countries – rather than when it merely replicates goods which have sold well in rich societies, and when it churns them out with technologies devised for the vastly different factor proportions of those latter countries. It will be effective – and it will be most naturally welcomed – when it comes for long-term engagement, rather than when it is merely seeking to profit quickly from differentials in interest rates or exchange rates.

There is also a telling irony. The reason the market is thought of so highly is that it compels all who enter it to be efficient. It exposes them to the peril of failure. Bearing risks is of the very essence of a market economy – and in the rich, developed countries private firms combat risk at every turn. But ever so often when these very firms come to developing countries, they demand – and are often able to wrest – agreements by which host governments take over the full risks that they may encounter down the road. We

have placed great emphasis in our deliberations on good governance, and coherence. Good corporate governance is as important, as is coherence between the goals private capital pursues and the needs of our people.

We greatly welcome the partnership between governments, global economic institutions, business and civil society which has been one of the hallmarks of this conference – as it was of the process leading up to the meeting. The cooperation must continue along the constructive lines we have seen. Fashioning performance criteria that will nail the conduct that needs to be altered, preparing an annual audit that documents what action has been taken on the results of each of the dozen conferences like this one that have been held during the last decade – there is enough work for all of us, it is work that is best done by our working together.

The United Nations and its allied bodies have a special and central role in this global engagement. We consider the multilateral processes we collectively generate within the United Nations, as in this Conference, as a global public good which we must preserve and advance. We regard the institution of the United Nations itself as the principal global public good in its own right, as both the symbol of universality and the vehicle for the delivery of our aspirations. Let us cherish it and strengthen its democratic working.

In conclusion, Mr. President, the tasks that our deliberations have thrown up brook no delay. We should attend to them – as the Buddhist savants would say – with the urgency of a person whose hair is on fire.

Indonesia

Statement by
His Excellency Dr. Makarim Wibisono
Vice-Minister for Foreign Affairs for Foreign
Economic Relations, Republic of Indonesia

It is a distinct pleasure and honour for me to participate in this unique and first-ever international conference on financing for development. Allow me at the outset to congratulate you Mr. President and, through you, all the members of the Bureau on your respective elections to preside over this historic conference. The conference, as I see it, offers a golden opportunity to tackle the formidable challenges presented by the

rapid pace of globalization and interdependence, to rethink and reshape our world and particularly to unlock the potential of development by revitalizing its financing.

We meet today against the backdrop of a global economy caught in the grip of a prolonged economic slowdown with uncertain prospects for the near future. Poverty is still rampant with over half the world subsisting under \$2 per day, underdevelopment is widespread and a widening gap between the haves and have-nots threatens to undermine progress and stability. Such developments demonstrate the vulnerability and fragility of the global economy in the world we share, forcing us to realign our thinking on the issue of peace, security and development.

In seeking to redress these trends and to bolster development, the international community has undertaken many initiatives and commitments particularly through the outcomes of the major UN Conferences including the Millennium Summit. However, in all cases the lack of adequate financial resources proved to be a persistent constraint on the efforts of the developing countries. It thwarted their effective integration into the global economy and recurring financial crises disrupted and crippled their economies and social fabric. Clearly, central to these problems was the failure of the international financial system to meet their development needs from the perspective of financing for development.

The central challenge therefore facing all of us at this International Conference is how to generate adequate finance for development at both the domestic and international levels while averting financial crises in this era of globalization. In addressing that challenge, I see the Monterrey Consensus document as an excellent basis for our deliberations by helping to chart our course towards viable solutions and to forge a genuine partnership to effectively put development at the centre of global financial reforms.

Domestic financial resources represent the primary source of financial resources for development in most countries. Their mobilization requires the strengthening of public and private sources of financing. To achieve this, conducive internal conditions must pertain. Those include such initiatives as the promotion of sound macroeconomic policies and governance and it is the national government that has the primary responsibility for ensuring this.

However, in this era of globalization domestic efforts alone cannot be successful. They require a conducive external environment. With the rapid liberalization of finance and trade together with the end of the cold war, national economies have been

increasingly dominated by global financial markets and multinational corporations. But the truth is that such financial markets grew at such a pace and in such strength that they outpaced and outgrew the institutions that were designed to contain them. From this emerged distortions and imbalances that now abound.

From our experience in mobilizing finances for development in Indonesia, we have clearly seen the two faces of globalization in action. On the one hand we have reaped the tremendous rewards of the opportunities it certainly affords. On the other hand we became a victim of its enormous risks.

For almost two decades prior to the crisis, our economy had bounded ahead at unprecedented rates, reducing our country's poverty levels from over 60% to less than 15% of the population by 1997. Then, in that year, as the Asian financial crisis struck with crippling speed and impact, our economy came cascading down and resulted in enormous social and political upheaval. Poverty and unemployment soared, children left school in droves and the national debt reached new and staggering heights.

The challenges Indonesia had to meet in its efforts to recover are, I believe, instructive. In our efforts to rebuild and strengthen our economy, social and political institutions and procedures, we have faced the formidable task of addressing multiple crises in the economic, social and political fields all at the same time.

The task that we face is more difficult in this period of time. The economic crises in Indonesia opened the doors to a systemic transformation. Such transition towards a multiparty democracy and a rules based market economy was to involve and enterprise of national regeneration in which no aspect of political, social and economic life was to be left unchanged. A major challenge for the Monterrey Conference is how to define and to deal with development finance challenges within the context of historic, systemic transitions.

The transmission of severe economic shock across national boundaries will no doubt unleash such large-scale transformations in the future. In this regard, we urge this conference to recognize that these situations are fundamentally different to those where countries are trying to overcome the more mainstream obstacles of long-term economic development.

To effectively address these combined difficulties required designing the right mix of policies together that would successfully move the economy forward without sparking further unrest. One of the first steps taken by our country was to embark on a

transition process to a more democratic form of government which, though still at a fragile state, has successfully undergone a number of peaceful transitions. In the reform process we have undertaken a series of measures, with international support including advice from the IMF, which committed our economy to a rigorous programme of national recovery.

Since our country's political transition last July the new government has sought to impart new momentum to our reform process. This has involved implementing a comprehensive strategy to reactivate the economy, restore investors' confidence and reduce poverty. Among these measures was the adoption of sound macroeconomic policies which were specifically designed to achieve high rates of economic growth and employment, price stability and balanced external accounts.

Let me add a further point on Indonesia's recovery programme, that is the centrality of poverty eradication. We are committed to achieving the goals of the Millennium summit, particularly the reduction of poverty levels by half by the year 2015. Programmes merely designed to boost economic growth alone have not been proven successful. We have therefore sought to expand beyond economic policies to embrace social and sustainable dimensions of development. This should help ensure the sustainable financing of education, human resources development, capacity building, health, nutrition and social security. We are paying special attention to the care of children, the promotion of gender sensitivity, the full inclusion of the rural sector and all disadvantaged communities into the national economy.

While each country is primarily responsible for its own development, it is also recognized that national economies are increasingly interwoven in a broad web of international economic activities. Thus, it is obvious that domestic efforts must be complemented by a conducive and supportive international framework.

For example, in the field of financial flows, such flows have increased at exponential rates reaching billions of dollars on a daily basis worldwide. In seeking to attract a share of such flows we recognize the importance of engaging the relevant international and regional institutions. It is crucial that they increase their support for private foreign investment particularly in priority areas such as export credits, co-financing and venture capital among others. For this reason, Indonesia has actively engaged a broad spectrum of stakeholders including the United Nations, the Bretton Woods Institutions as well as many other relevant entities at the global regional and domestic levels including the private sector and civil society in the process.

It should be added in this regard that the efforts undertaken by business should not be solely addressed to economic growth. Rather, the social, gender and environmental implications of such undertakings should also be taken into account. Small entrepreneurs and small and medium-sized enterprises (SMEs) must be encouraged. These steps, we believe, have been pivotal in Indonesia's experience and its ongoing efforts of reform and recovery.

That is not to say that ODA should play any lesser role than that of private financial flows. For many developing countries especially those unable to attract adequate private flows for social and sustainable development purposes, ODA is considered indispensable. That means that substantial increases in ODA are necessary. They are also crucial for successfully fulfilling agreed international development goals, including those of the Millennium Declaration. For this reason, I would like to compliment the donor countries who have already fulfilled their commitments in this regard and in some cases have exceeded the target of 0.7% GDP. At the same time I would call on those who have not done so to renew their commitments.

Another key issue that needs international action is international trade. As trade is considered as a vital engine for development, unilateral actions by the developed countries to improve access for products of and to provide technical and financial assistance for capacity building in the developing countries is urgently needed. In this context, the comprehensive Doha Declaration must be implemented in full.

The issue of indebtedness of most developing countries is a compelling one in the context of financing for development. The magnitude of the problem is staggering. Debt burdens continue to constitute a heavy drain on available financial resources, thereby jeopardizing development efforts. It undermines the efforts of many developing countries to combat poverty, promote their development goals and their pursuit of the Millennium Goals.

From our perspective in Indonesia, debt burdens incurred by government and private external debt payments have had a crippling impact on our ability to implement our development programme. Indonesian external debt totaling about US \$132 billion will exact a major human cost in absorbing funds that could be used to foster economic growth and alleviate poverty. It is clear that Indonesia needs to get 'breathing space' to obtain its budgetary condition in order. To overcome this problem, the Government has gone twice to the Paris Club, in 1998 and 2000, respectively. This was followed by a meeting with the

London Club. In the case of private debt, the government has facilitated its restructuring by establishing the Indonesian Debt Restructuring Agency (INDRA) and the Jakarta Initiative Task Force (JITF). These are for non-bank private debts.

Nevertheless, international investors are likely to continue to perceive a relatively high level of risk in Indonesia. This is in part due to some unresolved external problems resulting in a number of debt burden indicators remaining high. Struggling with the debt-servicing problem, Indonesia will again meet with the Paris Club in April this year and hopefully secure better terms and conditions. The success of the forthcoming Paris Club III negotiations and commitments to reform in the field of privatization are expected to improve investor confidence this year.

While debt-reducing strategies play an important role in freeing up financial resources for development, what is equally important is the need to make such indebtedness sustainable. This would require putting in place preventative national and international measures including sound macroeconomic policies and public resource management. Technical assistance is important in this context in order to avoid the unsustainable accumulations of debt at both the private and public levels.

For these reasons and more, I greatly welcome the consideration by all relevant stakeholders of an international debt workout mechanism that would engage debtors and creditors together in the process of restructuring unsustainable debts in a timely and efficient manner. In addition, it is also important for the international community to seriously consider the creation of a specific debt relief mechanism to support developing countries in achieving sustainable development. These could include debt-swaps-for-nature, debt-swaps-for-equity and debt-swaps-for-development, which Indonesia would wholeheartedly support.

In this context, we appreciate the enhanced HIPC Initiative by the BWIs. At the same time we call on the BWIs to further strengthen the enhanced Initiative so as to ensure its speedy, effective and full implementation. We believe the Initiative should be further improved by enhancing its flexibility with regard to the eligibility criteria. We believe that the Initiative should also be extended to other debt-overburdened developing countries.

Over and above domestic and international efforts is the need to bolster the financial system itself. Failure to put finance for development on an assured and predictable basis and the sudden eruptions of financial crises points directly to systemic failure at the global level. Therefore, there is an urgent need to

build and ensure good governance at the international level and effective transparency in the financial, monetary and trading systems if the mobilization of domestic and international financial flows are to be successful. This will require increased coherence of the international monetary, financial and trading systems.

While the ongoing reforms of the international financial architecture have been initiated in many areas, there is still a need for further strengthening if development is to be adequately supported and if the most vulnerable members of society are to be protected. To achieve this, we need far greater transparency, improved governance and greater participation by the developing countries in the process. The multilateral financial institutions, particularly the IMF, are in a position to reinforce these measures. This can be done by strengthening both the underpinnings of international financial stability as well as their ability to identify and prevent potential financial crises. These ongoing efforts should be supported so as to achieve greater stability through well-designed surveillance and early warning systems.

In seeking to resolve the financial crisis in Indonesia, we welcomed the advice and support received particularly from the IMF on domestic macroeconomic reforms. In this regard, it must also be stressed that the needs of the poor and vulnerable – with little or no safety nets – should be fully taken into account. This should include an assessing and measures to counter the impact of the social costs of adjustment programmes on the poor. In this connection it is critically important that the consequences of the crisis are shared in a fair manner. While burden sharing should be promoted, it is also important that the dilemma of moral hazard should be minimized.

Before concluding let me just say that to achieve our objectives, I can see no alternative to engaging in genuine partnership and staying engaged. This is necessary for putting financing for development onto a more assured and predictable basis. It is also crucial that such partnerships require the participation of all relevant stakeholders in the negotiations and decision-making on all relevant issues and policies affecting their well-being. To achieve this, constructive dialogue based on mutual interests and shared responsibilities is imperative. Therefore I strongly believe that closer cooperation with the United Nations, particularly the General Assembly and ECOSOC, is urgently needed.

Beyond the Consensus and the adopted agreements of this conference, little will be achieved in the short or long term if we do not seriously commit ourselves to staying the course, to continuing the momentum generated here and to ensuring that the follow-up is faithfully carried out. To facilitate these purposes, we fully agree with the recommendation of the Consensus document that the current High-level Dialogue on Strengthening International Cooperation for Development through Partnerships should be reconstituted to become the intergovernmental focal point for general follow-up to the conference and related issues.

In conclusion, Mr. President, let me add that I hope this international conference will achieve its declared objectives by bringing real hope to the poor and underdeveloped, that finance for development will be put on, a sustainable basis and that we will not falter in following through on our commitments.

Iran (Islamic Republic of)

Statement by
His Excellency Mr. Tahmaseb Mazaheri
Minister of Economic Affairs and Finance, Islamic
Republic of Iran

Let me at the outset express our sincere appreciation to the people and government of Mexico for hosting this important Conference and for the hospitality extended to my delegation.

Financing for Development has and remains to be a daunting challenge. Today, at the time of rapid globalization, the Monterrey Conference provides us with a historic opportunity to address this in a holistic manner. It also sets the stage for a thorough examination of essential steps in promotion of interaction and coherence amongst all major players in development at the national as well as at the international level.

It is a fact that each country has primary responsibility for its own development and that domestic resources should constitute the lion's shares of financial resources for development. However, national undertakings alone do not suffice. They need to be supplemented with a breeding international environment to foster national economy and to enhance the capacity for mobilization of resources.

Another major source of financing for development is private international capital flows particularly foreign direct investment. These flows are often oriented towards a small number of countries and regions. To increase the number of beneficiaries, there exists the need for developing countries to receive necessary technical assistance so as to strengthen their financial and corporate sectors and improve their institutional capacity to attract and absorb more private flows.

Trade is the most important vehicle for financing of development. A universal, rule-based, open, nondiscriminatory and equitable multilateral trading system is a prerequisite for economic growth and development of developing countries and their integration into the global economic system. Moreover, bold actions should be taken to remove trade barriers and tariff peaks, in particular in areas in which the developing countries have a comparative advantage and competitive edge. WTO should become a truly universal trade organization by easing accession and refraining from political consideration of applications for accession.

In the last decade or so, in the face of numerous international agreements, ODA has experienced a steady decline. The developed countries should abide by their commitment and take concrete steps to achieve the target of 0.7% of their GNP for ODA.

Good governance at the international level in various financial, monetary and trade fields is vital for sustained economic growth and sustainable development. Enhancing coherence and consistency in governance of the international monetary, financial and trading systems in support of development should find a prominent place. In this respect, the international financial architecture is in dire need of reform. It should promote further transparency and broader and more meaningful participation by developing countries in the global economic governance and norm setting. They, meanwhile, ought to become more responsive to the growth and development needs of developing countries and promotion of economic and social justice and equity. Need I note that such participation would enhance the sense of ownership and gives a wider array of insights and perspectives to these processes?

The multilateral surveillance of the economic and financial policies should be done in a symmetrical manner and particularly should take into account the global impact of economic policies of major industrialized countries on the world economy. Developed economies, all relevant financial markets

and institutions, including highly leveraged institutions should also be subject to prudential standards and regulations. In addition, timely detection of external vulnerability through well-designed surveillance and early warning systems by relevant multilateral institutions and regional bodies is crucial to prevent contagion effects of financial crises.

In conclusion, coordination among various institutional stakeholders, particularly the BWIs and WTO with the United Nations, as well as continued involvement of civil society, including NGOs and business sector is a key to attaining the goals and objectives of the Monterrey Conference. I would like also to emphasize the importance of the review and follow-up mechanism of the Conference as it offers an examination of the fulfillment of the commitments and the performance of all actors.

Let us work hand in hand to make Monterrey an exemplary start of joint undertaking to respond to the global challenges defying humanity.

Iraq

Statement by
His Excellency Dr. Mohammed Mahdi Al-Salih
Minister of Trade, Republic of Iraq

It is a great honour for me to represent the Government of the Republic of Iraq at this Conference. Allow me, Sir, to start my statement by thanking the government and people of Mexico for their warm hospitality and for the excellent preparations for this important event.

I would also like to congratulate you, Mr. President, upon your election as president of this conference. I am fully confident that your wise leadership and rich experience will guarantee its success.

The delegation of Iraq attaches importance to the outcome of this conference especially that it is being held at the beginning of the new millennium and at a time when the international economic order is facing new changes and undergoing extremely important transformations. This fact places on us, our countries' representatives at this conference, a major responsibility for formulating effective strategies for international development cooperation.

The signs of instability in the world economy and other negative factors such as the deterioration of the terms of trade, the fluctuations in the prices of commodities, the decline in Official Development

Assistance, and the widening gap between Developed and Developing countries are all a cause of concern for our developing countries.

The Monterrey Consensus has defined the challenges facing our countries. Paragraph 1 of the section "Confronting the challenges of financing for development" states that our goal is to eradicate poverty, achieve sustained economic growth and promote sustainable development. The section on mobilizing financial resources refers to the need to establish the international and national economic conditions necessary for the achievement of the internationally agreed development goals. This was precisely what Iraq had endeavoured to do before the imposition of the unjust embargo on it.

Iraq used to be an important driving force of international economic relations. Iraq has the second largest oil reserves in the world. It is expected to have the largest such reserves among oil producing countries. Iraq was among the first oil producing countries to provide oil to developing countries at preferential prices to help them finance their development. Iraq also played a recognized role through its clear and committed approach to the pricing of oil in a way that ensures the stability of the international economic situation. In the mid 1970s, H.E President Saddam Hussein of Iraq was the first to call for the price of oil to be acceptable to both producers and consumers and to serve the economic interests of both parties alike.

I believe it is appropriate to reiterate the proposal of H.E. President Saddam Hussein of Iraq for the establishment of a long-term global fund to assist developing countries. The industrialized developed countries, irrespective of the nature of their political and economic systems, and the oil-exporting developing countries should contribute to that proposed fund. In our opinion, this proposal offers a practical solution to some of the fundamental problems of financing development and to the problems of developing the economies of developing countries, particularly the LDCs. It constitutes an important endeavour to address the economic challenges facing developing countries.

In the seventies and the eighties, prior to the imposition of the unjust embargo on it, Iraq had been promoting the financing of development in many poor developing countries in Asia, Africa, and Latin America. It did so through the provision of grants and concessional loans without any political or economic preconditions. In providing such grants and loans, Iraq's aim was to contribute effectively to the financing of the development of the economies of those coun-

tries and to the building of their capacity in the fields of infrastructure, financial resources and the creation of economic projects. Iraq also provided expertise to strengthen such projects. The number of loans provided by Iraq to developing countries was 42 concessional loans to the tune of more than \$1.7 billion.

Iraq also contributed to the financing of the development of the financial resources of developing countries through its contributions to the capital of 102 regional and international financial institutions. Those contributions exceeded \$1.25 Billion.

During the same period, Iraq made an effective contribution to the encouragement of investment through its cash deposits of more than \$4 Billion in the banks of sisterly and friendly countries. In making those deposits, Iraq's aim was to see them invested in the development of the social and economic infrastructure of those countries. Iraq also provided relief assistance to many countries afflicted by disasters.

Paragraph 32 of the Draft Monterrey Consensus commits our countries to enhancing the role of regional and sub-regional agreements. In this regard, we must recall the proposal of H.E. President Saddam Hussein of the Republic of Iraq to establish an institutional grouping of the states of the East. It would provide a framework for cooperation in economic and political fields.

In August 1987 Iraq and the USA signed a bilateral agreement on the development of economic, trade, scientific and technical cooperation. The Iraq-Iran war ended in August 1988. Iraq emerged from it economically and industrially strong. However, a month later in September 1988, the US Congress adopted a resolution to impose economic sanctions on Iraq by its act number 2763.

In view of its abundant natural resources and of having a political leadership capable of taking it to advanced stages of development to join the ranks of developed countries, Iraq had started to make huge strides forward. Facts prove that the real objective of the imposition of sanctions on Iraq is to destroy its ability to achieve socio-economic development and progress.

In the seventies and the eighties, Iraq witnessed rapid progress in the rates of growth and socio-economic development. The second panel established by the note of the President of the Security Council (S/1999/100) dated 30 January 1999 reflected that progress in its report on the humanitarian situation in Iraq. It stated that "The economic and social indicators in Iraq were generally higher than those

achieved by other developing and neighbouring countries." The GDP in 1989 was \$75.5 billion for a population of 18.3 million. The average rate of growth of the GDP was 10.4% for the period 1974-1980.

According to FAO, during that period Iraq had the highest indicator of per capita food availability in the region. The average daily calorie intake per capita was 3120 calories. According to WHO, before 1999 health care coverage had reached 97% of the urban population and 78% of the rural population. UNICEF stated that, from the mid 1970s until 1991, the Government of Iraq had invested large sums of money in the education sector. Central and Southern Iraq had a highly developed water and sewage systems. WHO estimated that 90% of the population had access to large quantities of safe drinking water.

The Draft Monterrey Consensus refers to international trade as an engine for development in view of the fact that it is the single most important external source of development financing. In this regard, we must remind the participants in this Conference of the unprecedented, unjust embargo that has been imposed on my country, Iraq for more than 11 years. Not only has that embargo deprived the people of Iraq of the opportunity to finance their development, it has also deprived many countries, with whom Iraq had wide economic relations, of similar opportunities. Since the imposition of the unjust embargo until now, Iraq's losses in oil revenues are estimated at \$200 billion. This sum could have been used for the socio-economic development of the people of Iraq. It could have also been used to develop international trade and hence finance the development of other countries.

The Thirty-State aggression of 1991, in addition to the continued daily aggression of the US and British warplanes in the so-called 'no-fly zones', imposed without a Security Council mandate and in contravention of international law, have destroyed development projects and infrastructures worth more than \$200 billion created by the government for its citizens before the embargo. The embargo has also deprived the people of Iraq of their most basic human rights. It has caused a sharp decline in their annual income. The per capita income used to be more than

\$4000 per annum. It has declined to less than \$150. In addition the rates of inflation and unemployment are on the rise. The government has been providing food and medicine and other basic necessities at token prices subsidized by it. By its own efforts and resources, the government has rebuilt what was destroyed by the military aggression. Had it not been for that, the people of Iraq would have faced circumstances much more difficult than the ones they have lived under since the embargo.

The Oil for Food Programme has turned into a programme to finance compensations, to cover the expenses of the UN and to stabilize oil prices rather than a programme to provide for the needs of the people of Iraq. Iraq exported oil worth more than \$52 billion. The UN deducted \$18 billion for its own expenses and for compensations while Iraq received \$17 billion, that is to say \$10 per person monthly. The remaining amounts are mostly contracts put on hold by the US and Britain. Iraq was prevented from financing its development through the programme.

The continued imposition of this unjust embargo runs counter to the leading actions proposed in the Draft Monterrey Consensus particularly those pertaining to the eradication of poverty and the achievement of sustained economic growth. The embargo has caused a marked deterioration in the social situation. It has killed more than one and a half million Iraqis. Development, which is one of the most basic rights of any country in the world, has been set back by it. This makes it incumbent upon the countries participating in this Conference to support the efforts aimed at lifting that embargo. Thus, Iraq will be able to play its role in the development of its people with its own resources. It will also be able to contribute to the financing of the development of other countries as it had always done before the imposition of the embargo.

We also call for the lifting of the blockade imposed on the peoples of Palestine, Libya, Sudan and Cuba. We call for an end to be put to the use of embargoes and blockades as a means to punish developing countries and their peoples. No such blockade has ever been imposed on a developed country up to this day.

Ireland

Statement by

Her Excellency Ms. Liz O'Donnell, T.D.

Minister of State for Development Cooperation at the Department of Foreign Affairs, Ireland

I would like to thank the Government and people of Mexico for the warm welcome they have extended to us and for the magnificent facilities they have placed at our disposal. I should also like to express my support for the statement given to the Conference by the President of the Government of Spain on behalf of the European Union.

Our mutual interdependence, in a globalized world, requires mutual solidarity and a huge collective effort to address poverty and injustice – the root causes of violence, conflict and terrorism. However, it would be shameful if the security and economic self-interest of rich countries were seen to replace humanitarianism as the key motivation for development assistance.

We support the poor, the weak and the disadvantaged not because they represent a menace or threat to our contented lives. We help them because it is morally and ethically the right thing to do as members of the human family. The human capacity and instinct to help a fellow human being in need is what makes us civilized. The retention of that basic humanitarian value has never been more important to state and affirm. It would be to diminish the legacy of thousands of humanitarians, and many decades of development cooperation, to allow that motivation to be displaced or downgraded.

ODA must also be made more effective. Donors must end the proliferation of donor driven aid projects. We should align our activities in support of country owned poverty reduction strategies. The best development is owned and inspired by developing countries themselves. To maximize its impact, our development assistance should be completely untied.

In order to fulfil their part in the new development partnerships, our developing country partners need to make a reality of the Monterrey Consensus provisions on good governance, democracy, the rule of law and market oriented policies.

Ireland believes that it is time for the donor community to take concrete steps to implement the long-standing commitment to the UN ODA target of 0.7% of GNP. In Ireland's view, it is inconsistent for the international community to identify a series of

time-bound development goals without also making corresponding time-bound financial commitments to ensure that the goals are achieved. The goals will remain purely aspirational without the money to make them a reality. Ireland, therefore, made a commitment to the UN Millennium Summit that our ODA would reach the UN target by 2007. This commitment has been reflected in our national budgetary process. Ireland's programme of development cooperation will increase by 55% in 2002 to meet an interim target of 0.45% of GNP.

Health, particularly the fight against HIV/AIDS, and education are the key priorities in our partnerships with developing countries. We agree that a healthy and educated workforce is not a by-product of development, but a prerequisite for achieving the Millennium Development Goals through economic growth that lifts the poor out of poverty and develops social capital. We support an inclusive global process for the identification of an agreed list of Global Public Goods.

Our NGOs and Missionaries have made a huge contribution to development through the implementation of effective programmes delivered at low cost and with total commitment to support for the poor. Our partnership with them will deepen as we increase our funding to meet the UN target.

The Doha WTO Ministerial meeting demonstrated how developing countries can effectively promote their interests while making a major contribution to global trade negotiations. We are committed to the effective implementation of the Doha Development Agenda. Ireland will contribute an additional €1.5m in 2002 to trade capacity building in developing countries. Developing countries, particularly the Least Developed, must be in a position to promote their rights and interests in the new trade round if we are to make further progress towards a fair world trade order.

Ireland recognizes the achievements to date of the HIPC Initiative. We are, however, unconvinced about the adequacy of relief, particularly for countries with high HIV/AIDS burdens. We sympathize with the proposal in the New Economic Partnership for African Development that the long-term objective should be to link debt relief with costed poverty reduction outcomes. We believe debt relief for the HIPC countries should be considered in relation to the finance needed to achieve the Millennium Development Goals. This means that human development indicators should be taken more fully into account in the debt relief process.

Ireland's national development experience demonstrates that, given the right domestic conditions, globalization, powered by trade and investment, can transform an economy and raise living standards dramatically.

The Monterrey Consensus provides the foundation for a global effort to mobilize development finance, from all sources, to achieve the Millennium Development Goals. What is needed now is resolute action and ethical political leadership. We must deliver on our promises and rhetoric if we are to ensure that the twenty first century sees measurable progress in reducing poverty and ending the huge income gaps in our very unequal world.

Israel

Statement by
His Excellency Mr. Roni Milo
Minister for Regional Cooperation of the State of
Israel

Please allow me to congratulate you on your election to chair this important forum and your skillful leadership of the Summit, as well as to convey my gratitude to the Government and People of the Republic of Mexico for the warm hospitality extended to the Israeli delegation. I am sure that under your leadership the Summit will leave its mark on this most important of issues.

The issues discussed at this Summit – mobilization of internal savings, encouragement of private flows, promotion of trade, reduction of debt and ODA (Official Development Assistance) – are components of a complex whole. We ourselves have implemented many of these policies and are willing to share our experiences, to help other emerging economies avoid the mistakes that we experienced.

Israel believes that the Monterrey Consensus being discussed this week provides an important roadmap for the work ahead of us towards the elimination of poverty and the consolidation of economic independence for all nations. All measures may not be implemented immediately by all parties – but as parts of a whole, these elements contribute to the fundamentals upon which strong economies are built. A number of the activities of Mashav – Israel's Centre for International Cooperation – have been instituted to promote the values echoed in this

Summit. Mashav's individual programmes not only work to transfer basic technologies and capabilities for sustainable growth, but also seek to implant a large number of principles mentioned at this summit over the past few days.

Israel is reinvesting a part of its ODA in development of the areas discussed at this summit. To our thinking, there can be no better use of ODA than the support of programmes designed to address cardinal issues of financing development. This investment has a self-reinforcing effect and creates a positive dynamic of development of growth. Israel has maintained a positive growth rate in its ODA over the past years. While maintaining official statistics only since 1999, the past three years have shown a steady increase in the sums allocated to development assistance, reaching the level of 0.15 per cent in 2001. Israel is taking its place among the donor nations compatible with the economic situation in which it finds itself. Israel has participated in the last three Replenishments of the IDA (International Development Association), lending its hand in the effort to assist States in the critical fields of public health, HIV control and education.

Israel also began to participate in the HIPC (Heavily Indebted Poor Countries) programme of the World Bank, assisting certain States in reducing their debt. Israel is currently involved with three HIPC countries as an official creditor of the Paris Club. Although under no obligation to do so, Israel participates in the effort to ease the financial load of the nations, which are hardest-hit.

As Minister for Regional Cooperation, I would like to stress Israel's perception that the promotion of joint projects and consolidation of economic ties is important to the attainment of peace in the world and in our region in particular. Increasing the trade and investment between the States and peoples of our region will enable us to build more competitive economies and enhance the interaction between communities. We are working to further infrastructure projects with our neighbours in order to attain greater regional integration.

The ancient Jewish moral imperative of giving back to the community has already found expression from the early years of Israeli foreign policy. Israel has taken upon itself to share with other States from its experience in nation-building – be it by way of cooperation programmes, technology transfer or by active participation in international fora such as these. This is rooted in our tradition, and we constantly ask ourselves how, rather than if, we can lend a hand.

Italy

Statement by
His Excellency Mr. Alfredo Mantica
Vice-Minister for Foreign Affairs, the Italian
Republic*

The slow-down in world economic growth observed in 2001 and the impact of the tragic events of 11 September have had negative repercussions on pursuit of the objectives of the Millennium Declaration. What we need to do today is to find innovative and more effective forms of resource mobilization in order to address the situation of the poorest countries, and in particular certain regions such as sub-Saharan Africa. At the same time, we reaffirm the close link that exists between peace, democracy and combating poverty. Italy regards diplomatic action and maintenance of peace of peace as interrelated with development cooperation. This is fully in keeping with the proposal of a Marshall Plan for Palestine.

The Group of Eight (G-8) Summit in Genoa underscores the importance of an integrated strategy on the part of the international community to stimulate economic growth, which will be more robust and eliminate poverty in developing countries. The support given to the New Partnership for Africa's Development initiative (NEPAD), which was strongly boosted at Genoa by the launching of an African plan of action, is an example of partnership in which Italy will be playing a leading role.

Here at Monterrey every institutional private actor is called upon to define its commitment in the context of a common vision. We must first of all ensure that donor countries increase official development assistance. The Italian Government, in keeping with the decisions of the Council of the European Union in Goteborg and Laeken, intends to pursue the objective of 0.7 per cent of gross national product by means of the progressive increase in the assistance agreed at the European Union Council meeting in Barcelona as described by President Aznar on behalf of the European Union.

* The text of this statement has been transcribed from audio recordings, as the original was not submitted to the Secretariat

By the same logic, we need to work to foster the growth of the private sector. Italian cooperation can draw on solid experience in support of small and medium-sized enterprises in developing countries. In rural areas, the spread of microcredit schemes becomes of key importance in stimulating the emergence of the informal economy. A solid private sector is essential in order to stimulate sustainable development. It is a decisive factor in making it possible to take full advantage of the opportunities of the process of the internationalization of production and services.

As far as debt write-off is concerned, the Italian Government takes the view that something more and something better could be done. The creditor countries as well as the debtor countries must do everything necessary to achieve the targets set by the enhanced initiative of the Heavily Indebted Poor Countries (HIPC). The debtor countries that are undergoing conflict should arrive at a peaceful settlement of their disputes. Those that have not yet reached the decision point should rapidly draw up efficient and lasting policies, improve governance, bolster initiatives related to productivity and growth and work together with civil society to prepare the poverty reduction strategy papers.

Creditor countries accordingly should uphold their commitments with regard to debt write-off. In this respect, Italy has adopted provisions for the poorest and highly indebted countries, which will enable it to go beyond the agreements concluded on the multilateral level and write off all these loans. Italy could furthermore sign debt conversion agreements concerning assistance, loans and programmes that have a social and environmental impact. We therefore call on all creditor countries to do their utmost on a bilateral level so as to fully realize the goal of ridding all these countries of the burden of debt once and for all.

The Italian Government is also pursuing new forms of resource mobilization in order to increase flows of assistance and at the same time bolster the support of public opinion for international solidarity. In this regard, I would note the proposal of the Italian Ministry of the Economy for an innovative mechanism called 'de-tax', which would allocate resources to the financing of African initiatives in support of development projects or programmes. This de-tax system is based on voluntary decisions of consumers and commercial circles to devote one per cent of the value of purchases to development projects. While the State at the same time undertakes to exempt such contributions from direct and indirect tax-

ation, the new element in this mechanism is the fact that it involves the private sector on a completely basis. By contrast with other kinds of international taxation that have been proposed, de-tax does not require any multilateral approach, because it can in fact be introduced individually by any country wishing to do so.

Technological innovation must also play a key role. Through appropriate initiatives, it is possible not only to narrow the digital divide, which is likely otherwise to exclude two thirds of humanity from progress, but also to take advantage of the opportunities offered by e-government. For this reason, Italy, in cooperation with the United Nations, will be organizing an international conference at Palermo on 10 and 11 April 2002 to promote the use of computer technologies to enhance efficiency and transparency in the administrations of developing countries and in general to bolster participatory and democratic structures.

In order to support the development of the poorest countries, it is not enough to raise the level of resources. We must also raise the level of the quality and efficiency of that assistance. Without respect for human rights, the rule of law and good governance, the Millennium Declaration Goals will not be achieved. These are universal principles and not a Eurocentric approach. It is incumbent on the Governments of developing countries to create an economic and institutional context capable of encouraging growth, the efficient use of assistance and attracting private investment. According to a recent World Bank study, countries applying appropriate policies have a growth rate in foreign investment approximately ten times that of those adopting less sound policies. Moreover, democracy is the best way of preventing conflicts. Approximately 90 per cent of current conflicts arise within States where there is a lack of democratic structures.

The Monterrey Consensus document, which we fully endorse, falls within the approach of a new partnership among industrialized and developing countries, United Nations agencies, international financial institutions, the private sector and civil society. It sets out to strengthen the coherence of the policies that influence the development of the countries concerned.

Official development assistance is increasingly a catalyst in qualitative terms, rather than in quantitative terms. We need to concentrate our action to a greater extent on areas such as reform of the finance and banking sector of developing countries, the debt write-off process and market openness. In this respect, the new trading round launched by the

Doha conference should lead to extensive and balanced negotiations to bring about a growing liberalization of markets, with specific measures designed to give access to developing countries. Italy, together with its partners in the European Union is ready to make available the financial and human resources of its own countries' system in order to give effect to the conclusions of this Conference. In order to speed up our advance towards equitable development, Monterrey sends three clear messages: strengthen commitment; enhance coherence; and heighten the capacity for innovation.

Jamaica

Statement by
His Excellency Rt. Hon. K. D. Knight, M.P.
Minister for Foreign Affairs and Foreign Trade,
Jamaica

When world leaders met for the United Nations Millennium Summit, they gave renewed political impetus to establishing a more equitable international financial and monetary system, and creating an environment that is more conducive to sustained economic and social development.

The critical situation of escalating poverty throughout the world has been a pressing issue demanding our full attention and collective action as an urgent priority of the world community. Globalization and the widening disparity between the developed and developing world dictates the need for some coming together to assess where we are and how we should plan for the future. In this Conference on Financing for Development we bear witness to the reaffirmation of the universally shared commitment of meeting the challenges of the Millennium Development Goals. These goals will not be achieved without urgent and substantial improvements in the mobilization of national and international resources.

It cannot be emphasized enough that endemic poverty and underdevelopment in their manifold manifestations pose dangers which transcend geography and therefore stability and international security. The issue of development is therefore one of global concern and shared responsibility. Solutions have to be found and they are best arrived at through a cooperative effort within the framework of the United Nations. Our goal should be to seek to build an

economic order which promotes equity and provides each nation with the opportunity to enjoy the benefit of economic development and progress. The principal message from this historic initiative is the importance of a comprehensive approach to the mobilization of resources for development and the need for greater flexibility and partnerships that ensure that divergent needs are taken into account.

All of us recognize the importance of good governance in harnessing and attracting capital resources through prudent policies promoting macro-economic stability, efficiency and facilitating the expansion of the private sector as the engine of growth. But experience has shown that this is not enough. Over the past 20 years, in many developing countries, substantial reforms were undertaken and painful social sacrifices made under structural adjustment and other programmes toward economic liberalization, deregulation and privatization. Yet the expectations have not been realized. Even where some mobilization of domestic savings have resulted, inflows of foreign direct investment have not made up for the insufficiency in domestic savings. There has been no significant change in the overall pattern of capital flows which remain heavily concentrated and confined between developed countries and a few strategically placed developing countries. It seems evident to us that some special initiatives may have to be undertaken to broaden the investment flows through special incentive programmes in developed countries.

The other vehicle for effective transfer of resources is through international trade. Free trade and the opening of markets have been heralded as the new dynamic for generating export surpluses and inflows of capital to service the development process. However persuasive may be the theoretical arguments, the trade regime under the WTO Agreement has proven to be not more than a mixed blessing. Reductions in tariffs have been accompanied by the imposition of non-tariff barriers and those of us who have benefited from preferences are now placed in jeopardy in relation to major agricultural exports. Above all, the simple fact is that most developing countries lack the productive capacity and are unable to reach the level of competitiveness to benefit from the opening of overseas markets while at the same time they are losing ground in their domestic markets to foreign competition. The truth is that it is the developed countries that are reaping the benefits of free trade while developing countries continue to struggle to compete with the dominant economies.

The other factor is debt which remains a heavy burden in developing countries and a crippling drain on domestic resources desperately needed for development. What all of this means, Mr. President, is that in the current realities, we are imperilled when we simply rely on the invisible hand to ensure any equity in the distribution of resources and benefits. It becomes the survival of the fittest; the rich grow richer, and the poor, poorer or remain stagnant.

It is therefore important for the international system to take into account this reality and arrange for compensatory mechanisms. It is in this context that concessionary financing through multilateral institutions and through ODA assumes significance as strategies to correct the disequilibrium in the international economy. These capital flows remain an important source for capacity building in the physical and social infrastructure as well as a source for the alleviation of poverty spawned by underdevelopment.

In the face of these immense resource problems, the Monterrey Consensus which is before us for adoption, can only be regarded as a modest response which falls short of the needs of the moment and the expectations of developing countries. It should, however, mark a beginning and serve as a base on which to build further, developing partnerships based on its principles and moving forward to more ambitious programmes of cooperation. On this basis we can accept the Consensus in a spirit of optimism by placing great emphasis on the implementation of the commitments made, in particular in relation to the agreed ODA target of 0.7% of GNP. We congratulate those countries which have already attained that target and urge other developed countries to follow their good example. We also emphasize the importance of the strengthening of coherence in the international system through regular interaction involving the international agencies in the field of development in the annual meeting of ECOSOC of the United Nations.

It is our expectation that this process will increase the levels of sensitivity to the needs of developing countries; broaden the vision of development beyond the dogma of free markets; increase appreciation of the diversity of experience and economic circumstance in the world community; and contribute to a new thinking on development prescriptions based on concrete realities. We also see these new institutional arrangements as part of the process of reform of the system of international governance, providing greater participation of developing countries in decision-making affecting international economic relations. This is

the direction that the Monterrey Consensus should lead us and as such it would give meaning and significance to the document as a milestone in multilateral relations. All will be lost if the commitments are not faithfully implemented.

On this basis, Jamaica joins in the covenant towards building a global alliance for development. We are resolved to remain engaged to ensure follow-up in all aspects of the implementation of the Consensus. It will be a test of the international political will to provide the requisite resources and put in place the appropriate mechanisms to achieve the objectives of poverty reduction and sustained growth, and to ensure that the benefits of globalization are more evenly distributed.

This is an important moment in time for the international community. Let us together, take the next step forward.

Japan

Statement by
His Excellency Mr. Shigeru Uetake
Senior Vice Minister for Foreign Affairs, Japan

It is my pleasure as the representative of the Japanese Government to speak to you today on the issue of development. I should like to express my appreciation for the efforts of the Government of Mexico as the host country, and also of the people of Mexico, for the success of this conference.

I speak here today as the representative of the world's largest donor. But in the years immediately after World War II, Japan was dependent on aid from other countries, even for its food. At the time I was a junior high school student. And when I think back to that time, I confess I become rather emotional.

That Japan has been able to recover from such a plight to achieve its current prosperity is due to the heartfelt and continuing commitment to peace of every Japanese citizen, and to their search for a better life. It is the striving of every individual in a society based on a belief in the future that is the most powerful driving force behind nation-building. The foundation of Japan's development was its 'ownership' of that development – that is to say, we undertook our own development with our own efforts.

Of course, Japan also amply enjoyed the benefit of 'partnership' in the form of support from other countries and international organizations – the whole world joining hands in mutual support and cooperation. The Shinkansen 'bullet train' railway system, known throughout the world, began operation at the time of the Tokyo Olympics in 1964 with the help of a loan from the World Bank. Perhaps I might mention here, since possibly it is not well known, that the repayment of Japan's debt to the World Bank continued until as late as 1990.

Japan understands from its own experience how important for development both ownership and partnership are. When Japan subsequently became prosperous, it embarked on a programme of development aid founded on this understanding, which I am sure is still correct. Our friends in Asia, to give an example of the successful application of the principle of ownership, have achieved development. Today, Japan feels greatly encouraged when it sees its Southeast Asian friends on the way to changing their status from recipients to donors of aid. Japan has also contributed to strengthening both the ownership of African countries and partnership by the international community for Africa's development, by organizing the first Tokyo International Conference on African Development (TICAD I) in 1993. In the latter half of 2003, we want to encourage further efforts by the international community aimed at African development by holding the TICAD III.

Now that we are in the twenty-first century, we see a widening gap between the rich and the poor as a result of advancing globalization. The climate surrounding development issues has changed significantly, affected by increasingly serious concerns about infectious diseases and environmental problems. It is our perception that in the area of development, the eradication of poverty and the promotion of sustainable growth in developing countries on the basis of good governance are of the greatest importance. At the same time, in addressing these issues, what is needed now is to intensify the efforts not only of governments – both of industrialized and developing countries – but also of all such relevant entities as international organizations, NGOs, and private-sector enterprises. In this connection, I would like to emphasize three points:

First, in order to reduce poverty and achieve successful development, setting clear goals is essential. It is important for the international community to set up firm goals, and make every possible effort to realize them so that optimum outputs can be

achieved. The Millennium Development Goals set at the United Nations Millennium Summit in September 2000 were precisely such goals.

Particularly important, in Japan's view, for achieving these goals are the areas of education, health care, and the environment. For example, in the field of health care, Japan as the host country of the G8 Kyushu-Okinawa Summit in 2000, stressed the importance of measures to deal with infectious diseases and at the same time announced a three-billion-dollar support programme over five years which has been implemented steadily. On top of that, in the course of subsequent discussions and debate, it was decided to establish the Global Fund to Fight AIDS, Tuberculosis, and Malaria. In this context, too, Japan has been playing a central role.

Second, nation building cannot be accomplished without sustainable growth. It is therefore necessary to make use of diverse financial resources. It goes without saying that official development assistance plays an important part in development, and Japan has up to now disbursed some \$200 billion in ODA to that end. Moreover, whereas the total amount of aid from the international community as a whole has declined over the past 10 years, Japan has increased its official development assistance by 49 per cent. The amount disbursed for the year 2000 was \$13.5 billion.

On the other hand, we must not forget that private flows, which amount to three times as much as ODA, also have a significant role to play in development. Trade, too, is important, and the value of Japan's imports from developing countries is worth \$200 billion per annum. In advancing development, it is necessary to skillfully combine diverse resources: domestic resources, international resources (including foreign direct investments), trade, and aid. I believe that the Monterrey Consensus that we have agreed on represents an appropriate balance as regards the utilization of a variety of development resources.

Third, it is important to adopt an approach that places people at the centre. The foundation for nation-building is 'human resource development.' Human resource development is essential if a developing country is to assert ownership of its own development. Even when the time comes at some point in the future when a developing country no longer needs aid, it will still be true that people are a country's most valuable asset. We have a duty to strengthen and enhance human resources – so important for a country's economic and social development. One example

of this is a support for trade-related capacity building. At the same time, the concept of 'human security,' which calls for greater importance to be attached to each individual's viewpoint and for intensifying efforts to protect the individual from such threats as poverty, environmental problems, drug abuse, and infectious diseases – all of which are growing increasingly serious – this concept, I believe, has become increasingly important.

Japan finds itself in a difficult economic situation at present. To break out of it, my Government is implementing a programme of structural reform. It will resolutely carry out the necessary reforms, and once the country's economy recovers its vitality, Japan is determined to continue to play a leading role in addressing the world's development problems. On that basis, we hope to form even closer partnerships with other countries.

The terrorist attacks of last September brought home once again to all the world's people that we live on one and the same planet and share one and the same fate. Let us all work together and tackle our common task.

Kazakhstan

Statement by

Her Excellency Ms. Madina B. Jarbussynova
Ambassador and Permanent Representative to the
United Nations, Republic of Kazakhstan

It is a great honour for me to address the first ever International Conference on Financing for Development. First of all, I would like to express our gratitude to the government of Mexico and the people of Monterrey, for their generous hospitality.

The conference offers an opportunity to tackle the formidable challenges presented by the rapid pace of globalization and interdependence, to rethink and reshape our world and particularly to unlock the potential of development by revitalizing its financing. Globalization and regionalization of the world economy involve a new level of interaction and interdependence of states. Along with obvious benefits, globalization entails a danger of a lopsided distribution of these benefits.

We meet today against the backdrop of a global economy caught in the grip of a prolonged economic slowdown with uncertain prospects for the near future. Poverty is still rampant with over half the world

subsisting under \$2 per day, underdevelopment is widespread and a widening gap between the haves and have-nots threatens to undermine progress and stability. Such developments demonstrate the vulnerability and fragility of the global economy in the world we share forcing us to realign our thinking on the issue of peace, security and development.

As it is important for developing countries and countries with the economy in transition to have a stable, conducive external environment, we call on the developed countries to vigorously adopt appropriate fiscal and monetary policies to stabilize their domestic economy, open the markets to developing countries, increase development assistance, and promote technology transfer so as to create a more favourable external environment.

My country has entered the new millennium with all the problems characteristic to countries with the economy in transition. Reduction of the public sector and structural changes in the economy produced unemployment and loss of income. The Government, conscious of the urgent need to address the poverty problem, has adopted the state programme on fighting poverty and unemployment with special focus on nutrition, health and educational needs.

Now, the economy of the country is on the rise as GDP grew over 13 per cent during last year. The growing economy allows solving social problems. The number of working places is growing. The level of employment of the economically active population has reached 90.2 per cent.

But all these positive facts must not create an impression that all current and strategic problems have been solved and it is even time to rest on our laurels. However, in this era of globalization domestic efforts alone cannot be successful. We recognize challenges that present considerable threat to independence and security of our country. These are sequel of economic crisis in the world, instability on our southern borders, growth of terrorism, drug trafficking, HIV spread, and escalation of criminality in many countries.

Therefore we pay special attention to the formation of an efficient system of regional security based on such institutions as Collective Security Treaty, Shanghai Organization for Cooperation, and the Conference on Interaction and Confidence-Building Measures in Asia. The latter, being initiated by President of Kazakhstan N. Nazarbaev, will have its summit in June this year.

We acknowledge the primary role of effective domestic policies in ensuring domestic growth and that the flow of international financing must be matched by improved governance as well as sound macroeconomic and fiscal policies. At the same time, international assistance and external financing still remain an essential factor for development of many countries, especially the most vulnerable, landlocked developing countries among them. Therefore, Kazakhstan welcomes the 'Monterrey Consensus' which highlights the essential nature of international financing, especially ODA, for this group of countries.

Trade is the most important and multidimensional mechanism for almost all developing countries to mobilize and expand their domestic and external bases of resource for financing of development. Trade is also the major instrument of integration to the international economy, expansion of domestic savings, promotion of economic growth and the eradication of poverty.

The process of shaping the international trade system unprecedentedly contributed to international economic growth. At the same time, despite the progress achieved in the development of international trading relations, direct and indirect tariff barriers continue to affect a considerable number of goods, some of which are important export items for the developing countries. In this connection, there is in our view a need for further multilateral efforts to establish a dialogue between the participants in trade relations to ensure further liberalization in the sphere of international trade.

To reach our high goals we also need improved cooperation between multilateral institutions: UN, WTO, Bretton Woods Institutions as well as their reforms so as to better meet the new challenges.

We are now in a new century when economic globalization intensifies, mutual economic interdependence deepens, and information technology is widely applied. Let's hope that all countries of the world as a whole join hands together for cooperation so as to make our world a better place to live in.

Kenya

Statement by
His Excellency Mr. Christopher M. Obure, M.P.
Minister of Finance, Republic of Kenya

I wish to thank the government and the people of the United Mexican States for the warm welcome and hospitality extended to the Kenyan delegation since our arrival in this beautiful city of Monterrey. I would also like to thank President Vicente Fox Quesada for hosting this important conference. I commend the Secretary-General for successfully organizing this first-ever Summit-level forum on the important agenda of Financing for Development. Kenya notes with appreciation the efforts by the Secretary-General in implementing the United Nations General Assembly resolution that seeks to address issues of financing for development.

The UN Millennium Declaration adopted by the UN General Assembly endorsed the international development goals for 2015 and highlighted the task of mobilizing the financial resources needed to achieve these goals. In line with that declaration and the new African initiative under the New Partnership for Africa's Development (NEPAD), Kenya firmly believes in the need to reconfigure the global financial architecture and trade arrangements. In this process, Africa must not remain marginalized and should be firmly integrated into the world economy.

The major challenge confronting developing countries is the increasing levels of poverty. It is disappointing that little progress has been achieved in poverty reduction since the World Summit on Social Development held in Copenhagen in 1995. Meager resources have so far been committed on reducing debt burden, improving market access, building capacity, tackling the HIV/Aids pandemic and other infectious diseases. Even after preparation of comprehensive Poverty Reduction Strategy Papers (PRSPs), resources have remained a constraint as development partners have not delivered on their commitments. We need a genuine approach to the fight against poverty.

The existing global financial system and the arrangements for financing development have demonstrated their inability to deal adequately with the needs of developing countries. ODA flows to Africa declined substantially in the 1990s at a time when poverty was on the increase. More than 340 million people in Africa live on less than US \$1 a day at a time when the continent has to deal with the high incidence and

consequences of HIV/Aids. There is an urgent need to put in place a new framework to create the enabling conditions for developing countries to achieve high and sustainable economic growth. The new framework needs to emphasise more concessionary financing and greater use of grants. Kenya strongly supports the call to industrialized countries to raise their ODA to meet the target of 0.7 per cent Gross National Product (GNP) over the next five years.

It is Kenya's view that conditionalities tied to the release of aid should be realistic, achievable and sufficiently flexible to take into account changing conditions and circumstances. We also advocate a more pragmatic approach in assessing achievement of targets to take into account overall progress rather than insistence on achievement of individual benchmarks. We urge the development partners and particularly the Bretton Woods institutions to be more sensitive to the needs of developing countries.

The current global trade arrangements have mostly benefited the industrialized countries. At present, Africa's share of global trade is less than 2%. It is unfair, for example that while industrialized countries continue to provide substantial subsidies to their agricultural sectors, they, together with the Bretton Woods institutions, make it a conditionality for support that developing countries liberalize their economies. This unfair situation makes it difficult for our agricultural exports to compete and for our agriculture to survive. We hope that, in the spirit of Doha, we shall see positive developments towards a reduction of these subsidies.

The current global economic system has resulted in high-income inequalities. Rapid advances in telecommunications and information technology, and the increasing digital divide threatens to further marginalize developing countries and deny them the opportunities of globalization. This conference must build on the momentum achieved in Doha, which embraced a development round of trade negotiations. Kenya supports an inclusive multilateral trading system. We fully support the current initiatives aimed at providing increased market access for African countries such as the African Growth and Opportunity Act and the European Union/African, Caribbean & Pacific trade arrangements.

Kenya, alongside other developing countries, has experienced a net outflow of resources over the past five years. The main contributor to these outflows is the heavy debt service burden. Under the enhanced HIPC initiative, Kenya is among four countries classified as having sustainable debt levels. Since

this has denied us access to debt relief. We call for a fundamental change to the debt sustainability criteria. Funds released from such debt relief will be critical in funding core poverty reduction programmes.

Africa faces urgent challenges which include the HIV/Aids pandemic, inadequate infrastructure and capacity building requirements. Our efforts in tackling poverty have been undermined by the HIV/Aids scourge and other infectious diseases. Without an effective effort to overcome HIV/Aids, all our socio-economic development gains will be reversed. We will require massive resources to mount an effective multi-sectoral HIV/Aids programme in order to realize a more positive impact on HIV/Aids prevention and care. We support the international initiatives focused on a comprehensive and long-term partnership between governments, civil society, international organizations and pharmaceutical companies in the fight against HIV/Aids. We call upon the international community to accelerate its support to the global fund on HIV/Aids, malaria, tuberculosis and other infectious diseases.

The poor state of infrastructure in Africa is a major impediment to economic development in the continent. Without good road networks, railway systems, ports, reliable and affordable energy, good airports, telecommunication systems, water and sanitation, it is very difficult to attract private sector investment. The cost of building this infrastructure is colossal and is difficult to finance on a fragmented country-by-country basis. It is imperative to finance it through regional initiatives, including regional integration. We also see opportunities for combining ODA support and FDI through private public partnerships. If properly packaged, these investment opportunities will attract private sector participation.

Kenya recognizes that an important component of the financing for development is the mobilization of domestic resources. We have embarked on financial sector reforms in order to encourage domestic savings. These reforms include liberalization of the financial sector with a view to broadening and deepening the financial markets and developing appropriate savings instruments.

To overcome the persistent implementation weaknesses, Africa needs support in building appropriate capacity to design and implement good policies, programmes and projects. Africa requires international support for its continuing efforts for comprehensive capacity building including basic education, institution building, technical, professional and managerial skills at all levels.

Let me conclude by emphasizing that the Monterrey Consensus is an important step towards achieving the UN Millennium Goals. Kenya calls for genuine commitment and partnership between the developed and developing countries in the implementation of the Monterrey Consensus for mutual benefit of all parties in what can only be a win-win outcome. There is, however, need to agree on an effective mechanism to monitor the implementation of the outcome of this important international conference. Ultimately, our success will be measured by the extent to which we implement this consensus.

Kuwait

Statement by

His Excellency Mr. Mohammad A. Abulhasan
Ambassador and Permanent Representative to the
United Nations of the State of Kuwait

Mr. President, I wish first to congratulate you, on behalf of the State of Kuwait, on your election to preside over this milestone conference. Your election, Sir, is a testimony to the experience and skills, which, we trust, you would bring to the stewardship of our deliberations towards meeting our common goals. A word of thanks and gratitude to our friendly country for hosting the conference and for the remarkable organizational work.

My delegation associates itself with the statement made by His Excellency President Hugo Chávez of Venezuela on behalf of the Group of 77 and China. We wish his country and people more progress and prosperity. Also, let me pay tribute to the Islamic Republic of Iran, a sister state, for the enormous efforts it made during its chairmanship of the G-77 and China.

Since its independence in 1961, the State of Kuwait has vigorously sought a better life in terms of stability, security and economic prosperity for its people. The focus of our national constitution and the sound governance practices of the ruling family have all along been geared towards ensuring a dignified life for our people. Our leaders, represented by the successive Emirs of the State of Kuwait, have always recognized that consolidation of democracy, upgrading of physical infrastructure, domestic stability, respect for human rights and the rule of law are crucial pillars of sustainable economic and social growth. Thus, elimination of poverty and illiteracy were on top of our national economic and social agenda.

Building on this national dimension, Kuwait established only a few months after our independence, the Kuwait Fund for Arab Economic Development with a view to help the development efforts of developing countries in general and the sister Arab states in particular. The aim of this orientation is to alleviate human suffering as well as to help economic and social progress by steadily increasing the rates of economic growth. Looking back at that modest but bold initiative, we notice that the Fund has been in existence for over four decades during which it offered 616 loans covering some 97 countries. The value of technical assistance provided to 84 institutions and states was in excess of US \$11 billion. This puts Kuwait in the lead of development aid donors since the total assistance given by Kuwait represents 8.2 per cent of our gross national product (GNP). These figures demonstrate my country's keen commitment to making effective contribution towards the improvement of the living conditions in the developing world. Kuwait is also determined to pursue this course simply because we believe that reaching out with help is imperative upon the capable. Furthermore, the developing world is in dire need to feel the genuine benefits of economic globalization. Obviously, this will not preclude cooperation among various economic blocks and regions, which is essential for invigorating the pace of development, expansion of markets and intensification of free competition. All these factors will help in building a more interdependent world, a set up that would ensure a more equitable spread of dividends of globalization, which is undoubtedly our common objective.

The new parameters of the world today have largely been defined by the ongoing information and communications revolution that shortened the intercontinental routes and channels of human interaction. Unilateralism and isolationism have become outmoded. Thus we have to work more closely together in order to lay the foundation for the structures that would help in bringing about welfare and progress. Creating windows of opportunity and hope can be achieved through the provision of technical assistance to the developing nations. This in turn would help in fostering national capabilities of each state.

There must be a new spirit for dealing with this phenomenon. Our efforts should emanate from our recognition of the need to share benefits and responsibilities between the developing countries, on one hand, and the developed nations, on the other. Within this framework, conscious efforts must be made to ensure effective and fair participation by the developing countries in the international decision-mak-

ing process. We must forge ahead in our drive to change the international financial system with a view to make it more democratic and transparent through a more meaningful dialogue between the South and the North. Our Heads of State and Government pledged in the United Nations Millennium Declaration to work collectively towards ensuring transparency in the financial, monetary and trade systems and creating open, equitable, nondiscrimination multilateral trade and financial systems based on predictable arrangements.

Here, my delegation wishes to underscore the importance of seeing the developed countries making their markets more accessible to the exports of the developing world, including the removal of customs and other barriers to their manufactured goods. This would help these countries to mobilize their own resources for meeting the requirements of sustainable development.

Furthermore, we call upon the developed countries to increase their official development assistance and to honour their commitments to allocate 0.7 per cent of their GNP for this purpose. Also, we appeal to the developed countries to pay due attention to the harsh conditions facing the heavily indebted poor countries. In this context, there is a pressing need to write off all government bilateral loans owned by these countries in return for explicit commitment to eliminate poverty. This effort would be bolstered by the provision of adequate technical assistance, including the transfer of technology to these countries, in order to address the growing disparities between the North and the South.

My country, Kuwait, is a coastal seafaring nation. We managed to survive the rigours of a harsh desert environment by patience, steadfastness and the determined will to succeed. That national resolve turned parts of our desert into a hospitable green land throbbing with modern life. We have exploited our God-sent oil wealth to the benefit of our people and our brethren in humanity. It is the same will that always enabled Kuwait to face up to oppression and to defeat aggression. It is the same spirit fuelled by our dynamism whether in repelling aggression or in fighting our battle of construction and development. The events of the recent past are a testimony to that will and spirit.

Kuwait, with its known track record, will always remain faithful to its time-honoured principles and traditions, loyal to its friends and respectful for its contractual obligations. From this podium, may I make this appeal? All of us must meet our commitments to ensure a better future. Our road map is already set in

the Millennium Declaration and the Monterrey Consensus. These two documents will define the path for all peoples wishing to live in peace, for all future generations aspiring for security, knowledge and advancement, for a humanity seeking harmony and cooperation.

Lao People's Democratic Republic

Statement by
His Excellency Mr. Soukanh Mahalat
Minister of Finance, the Lao People's Democratic
Republic

It is an honour and a great pleasure for me to represent the Government of the Lao People's Democratic Republic to participate in this important and meaningful International Conference on Financing for Development. Please allow me, on behalf of the Lao delegation, to congratulate you on your brilliant election to the presidency of the present Conference as well as for the successful opening of this big event. We would also like to express our sincere thanks and gratitude to the Government and People of Mexico for the warm welcome extended to us and for the excellent arrangements made for the Conference.

We have gathered today with the strong enthusiasm to address the challenges of financing for development around the world, particularly in developing countries, including the Least Developed Countries, the Landlocked Developing Countries and the Small Island Developing States. Our goal is to eradicate poverty, ensure sustained economic growth and promote sustainable development. In order to realize these goals and objectives, it requires a new partnership of cooperation between developed and developing countries. The 'Monterrey Consensus' constitutes an important framework for the international community in dealing with the challenges of financing for development. We should dedicate ourselves and do everything possible to ensure full and effective implementation of the said and unanimously adopted document.

The Government of the Lao PDR has made the improvement of living standards and the alleviation of poverty of its multi-ethnic population the essence of its development goal in order to rid our country from the status of the Least Developed Countries by the year 2020. To achieve this goal, our Government has identified sustained economic growth with equity as the main instrument. In this context, we have defined eight National Priority Programmes to serve as the main reference for our investment and planning system. Based on the capacity and the realities of our country, these eight priority programmes are food production, commodity production, stabilization of shifting cultivation, rural development, infrastructure development, expansion of external economic relations and cooperation, human resource development and services development.

In order to translate these priority programmes into action, there is a need for enormous financial resource. To this end, we have put up all our efforts and placed priority in the mobilization of domestic financial resource for development, the creation of better investment conditions and atmosphere to facilitate foreign direct investment, as well as the encouragement of the participation of the private sector in the development process. In spite of all these efforts, due to the smallness and the limitations of the Lao economy, the challenges faced by the country as Least Developed and Landlocked, The Lao PDR still needs support and assistance from outside. During the past years, we have received valuable support and assistance from friendly countries, International Development Agencies within the United Nations system, International Financial Institutions and Non-Governmental Organizations for the social-economic development of country. On behalf of the Government and the People of Lao PDR, I would like to express our sincere thanks and gratitude for those valuable assistance and support received.

For a number of developing countries, being landlocked, not a member of the World Trade Organization, and the lack of infrastructure and good road systems are among the main obstacles to socio-economic development. The opening of a freer market has not yet led to trade and investment promotion. Therefore, we appeal to the international community to increase assistance and support in order to enable them to integrate into the world economy.

The Group of Landlocked Developing Countries, which Lao PDR currently chairs, is very pleased to see their special problems being recognized in the Monterrey Consensus, particularly on the issues relating to domestic resource mobilization, the foreign

direct investment, and the international financial and technical cooperation for development. We are equally pleased that the Monterrey Consensus has recognized the importance of enhanced and predictable access to all markets for the exports of Landlocked Developing Countries. We urge for the full and effective implementation of the Monterrey Consensus, as it will help this group of countries to further develop their respective economies.

As we enter the 21st century, The world is facing numerous difficulties and challenges. As for the Lao PDR, we believe that the implementation of the new economic mechanism, the reform of our economic structure based on the uniqueness and the capacities of the country, the integration into the region and the world, and the support from friendly countries and international organizations, will greatly assist us in achieving the goal of exiting from the Least Developed Countries status by 2020, and thus will turn our country into a truly self-reliant one.

Latvia

Statement by
Mr. Maris Riekstiņš
Secretary of State, Ministry for Foreign Affairs,
Republic of Latvia

Allow me on behalf of the Government of the Republic of Latvia to express my pleasure for having this opportunity to address the International Conference on Financing for Development.

Everyone will agree that mobilizing and increasing the effective use of financial resources has a pivotal role to eliminate poverty, improve social conditions and raise living standards, and protect environment in the developing countries. More importantly, the development assistance makes an effective contribution to peace and stability in developing and transition economies. Promoting sustained growth and development is especially important in view of the September 11, 2001 terrorist attacks that reduced world economic growth and caused economic slowdown in many countries. We are convinced that only bringing resources together will restore economic confidence and strengthen world economic, financial and trading systems.

Latvia regained its independence only 11 years ago. Since then we have taken enormous strains to implement macroeconomic and structural reforms and complete the transition to the functioning market economy. Now, despite the global slowdown, Latvia experiences robust economic growth and sustainable economic development on its path to membership in the European Union. The positive developments were largely based on our readiness to absorb the assistance provided to Latvia by developed countries at the beginning of the Nineties.

Our experience tells that it is not enough to receive international help; it has to be well administered. Now Latvia stands ready to share its knowledge in the transition to a market economy and also provide financial assistance to those countries that need it most.

In assisting developing and transition economies, Latvia both grants development and humanitarian aid and participates in the aid programmes provided by international organizations. The examples of the bilateral development assistance include help to the countries in the Balkan region and, most recently, a decision of our government to convey humanitarian aid to ease the pain of Afghan refugees and civilians. As regards the multilateral assistance, since 1999 Latvia has become a contributor to the United Nations Development Programme.

Latvia is interested in continuing its participation in the aid programmes provided by the United Nations Development Programme, The World Bank, and the International Monetary Fund (IMF). With the accession to the European Union, just in a couple of years, Latvia will become an integral part of the world's largest contributor to the development-cooperation assistance. As a member country, Latvia will be ready to join the EU in financing the European Development Fund, which provides financial aid to developing countries.

We are convinced that international trade should act as an important engine for development. During the WTO Fourth Ministerial Conference, Latvia strongly supported the view that the new round of multilateral negotiations should be directed at providing more benefits to developing countries, especially the least developed among them.

Latvia not only declares but also takes practical steps to support the integration of the developing countries into the multilateral trading system. Following its commitments under Doha Ministerial

Declaration Parliament of Latvia has adopted a law granting duty-free and quota-free market access for products originating from 49 of the world's least developed countries.

In conclusion, let me assure you that each country with efficient and continuous efforts, good governance may change its own course and reach significant improvement in economic and social development. We believe that the Monterrey Consensus will help to achieve these goals.

Lebanon

Statement by

His Excellency Mr. Nouhad Mahmoud
Ambassador to Mexico of the Lebanese Republic

Mr. President, I would first like to commend the efforts made by the Preparatory Committee which has enabled us to have the final draft for this conference on financing for development. Lebanon identifies with the ideas expressed in that document, especially the points raised in the draft by our group, the Group of 77.

Development is an issue of central importance for all nations, North and South. It is the starting point where all progress, growth, and betterment emerge. It is a point that all of us seek, but one which many of us do not have. Development, furthermore, is necessary on both levels: local and international. Locally, because it allows for the creation of employment, better living standards for the population's groups and individuals, and because it helps us release our creativity in a flourishing society. It is equally important on the global level for it has become more than obvious that the widening socio-economic gap among nations is only a recipe for conflict and trouble for this generation and for those to come. A balance or equilibrium of some sort is crucial, now more than ever.

Development, in order to succeed, must have a healthy and normal environment wherein peace, security, and a commitment to international law are the norm. Growth and betterment are not possible in conflict-ridden environments; nor are deviations from provisions of international law in states' relations and marginalization of democratic values conducive to the right conditions for development. And though the issue of terrorism is dominant at this time,

let us not forget that international law is our common heritage, born from the calamity of war and human suffering, throughout history. It is, therefore, the framework that we must hold on to regardless of the circumstances.

Development relies on financing. Action is necessary. It is stated in the second section of the draft that mobilizing international resources for development by use of private flows is one of the most important methods by which to realize development. We propose, however, to take this particular point one step further and emphasize the idea that multinational corporations should actively participate in the financing for development. With the vast amounts of available capital and the extensive presence and influence these transnational corporations attain, it is only reasonable that they play their part in this financial endeavour. After all, it is the multinational corporation that benefits most from a developed world – a world where the number and value of markets are substantially higher than what we encounter today.

This idea of financial contribution by transnational corporations is already partially and sporadically practiced and greatly appreciated. The philanthropic acts by some symbols within the transnational system reflect humanism and vision. However, we look forward to the day when these acts of participation in equilibrated global development are mandatory, regulated, and institutionalized in an international fund wherein financial assistance for development is not tied to political considerations from one side or the other. We propose a freer system of financial contributions that does not only rely on government aid in the public realm and foreign direct investment in the private; participation of multinational corporations in a global system to finance development is just, reasonable, and feasible.

The issue of financing for development is an all-important one, not to be forgotten once this conference is finished. Nevertheless, it is only the first step in our attempt to modify this world. For today's poor human conditions are the plain result of an egoistic train of thought that is threatening the same planet we all inhabit. We must try to rid ourselves of the greed and selfishness when addressing global issues. And though Financing for Development is today's matter, let us make tomorrow's agenda more ambitious. Let us change our behaviour and give, not because of compliance to any pressures, but because it is for the overall benefit of all humanity.

Lesotho

Statement by
His Excellency Mr. Mpho Meli Malie
Minister of Industry, Trade and Marketing, Kingdom
of Lesotho

On behalf of the government and people of Lesotho, and on behalf of my delegation, I wish to express our heartfelt gratitude to the people and government of Mexico for hosting this august meeting. Mr. President, allow me to congratulate you upon your election as president of this important summit on financing for development. Further, I wish to pay a special tribute to the Secretary-General of the United Nations, Mr. Kofi Annan for his sterling guidance, continued dynamic leadership and commitment to our organization in its quest to tackle the challenges of our time, and shape the futures of nations of the world.

There is global consensus that sustainable development is difficult to achieve in the absence of true democracy, good governance, respect for human rights, peace, security, and the rule of law. In recent years, we have witnessed a rapidly growing movement away from dictatorship and authoritarianism. Democracy and good governance on the political front remains incomplete unless it is replicated in socio-economic development, trade and other decision-making processes at the global level. At both subregional and regional levels, governments are pulling resources together for the creation of a political environment untenable to political dictatorship, coup d'états and other undemocratic systems of governance.

Many governments are enacting anti-corruption legislations and establishing institutional and administrative structures to combat corruption, drug-trafficking, terrorism, including proliferation of small arms, etc. The ultimate objective of these initiatives is to create at national, regional, and global levels an environment that is conducive for the promotion of democracy, good governance, respect for human rights, peace security and the participation of people in the moulding of their destiny. The end result of all this should be increased investment in development.

The new partnership for Africa's development (NEPAD) is a clear commitment of African leaders to individually and collectively, put the continent on a path to sustainable growth and development while actively participating in the world economy and body politic. Africa's continued marginalization from

the globalization process remains a serious threat to global stability and to good governance. NEPAD is, therefore, Africa's call for a new and stronger partnership with the international community, to hold and reverse decades of inequitable distribution of wealth and unfair trade relations.

More and more developed countries and international organizations have demanded that developing countries should put their houses in order with respect to democracy and good governance. While this is understandable, it is important that achievement of these is duly rewarded by more meaningful financing for development by cooperating partners.

In May this year, the people of Lesotho will go to the polls to freely elect a government of their choice, and our borders are open to those who wish to come and observe this process. Our journey to transparency and popular participation and the fostering of the rule of law and good governance is irreversible. In this regard, we request our cooperating partners for increased and unconditional support (financial, material and otherwise) for strengthening, deepening and broadening the tenets of democracy.

HIV/AIDS and poverty are some of the major challenges confronting us today. Their continued existence does not augur well for the sustainability of our development objectives and to mankind's survival. Lesotho has adopted a national strategy for addressing HIV/AIDS and has established the Lesotho AIDS Programme Coordinating Authority under the Prime Minister's office. Lesotho's policy on HIV/AIDS emphasises the involvement of all stakeholders in the fight against this scourge. We welcome the support extended to our national strategy against this pandemic.

As a commitment to addressing poverty, the government of Lesotho is at an advanced stage of formulating a poverty reduction strategy paper which incorporates views from all stakeholders. This strategy will be ready by the end of this year, and will form the basis for targeted poverty reduction programmes.

An increasing number of major international conferences have registered commendable successes towards a closer and stronger international cooperation. Many nations acknowledge that poverty, lack of education, absence of human and political rights, lack of equal opportunities for individuals and groups con-

tinue to be a major threat to peace and security and can become a root cause for terror, despair and poor governance. The Monterrey Conference on Financing for Development offers us a unique opportunity to translate words into concrete actions.

The unfortunate events of 11th September 2001 in New York and Washington have once again demonstrated an urgent need for the establishment of the United Nations International Criminal Court to deal with crimes against humanity. All nations of the world, large or small, rich or poor should engage their best efforts to ensure that gains in multilateral cooperation are consolidated and broadened. While unilateralism is abandoned in favour of stronger multilateralism in our efforts to fight terrorism, it is incumbent upon us all peace-loving nations to join hands in solidarity to combat it. Terrorism does not only undermine world peace and security, but drains away the scarce resources needed for economic development and social progress.

The fulfillment of internationally agreed official development assistance (ODA) targets by all developed countries will generate increased resources for development financing. In this regard, we express our gratitude to those developed countries, which have met their ODA targets. However, we do urge that all developed countries meet these targets since ODA remains the largest source of external financing for landlocked, resource-poor LDCs like Lesotho. Due cognizance needs to be accorded to the United Nations Millennium Declaration as a guiding principle.

We are appreciative of the efforts being made in support of the HIPC. It is our considered view that if external debt relief could also be targeted to less indebted poor countries like Lesotho, it would leave at our disposal significant resources to invest in poverty alleviation programmes, human resource development, economic and social infrastructure. Cancellation of Lesotho's debt, coupled with the availability of ODA and other development assistance, would give us the required capacity to invest in economic development programmes, and help us integrate into the global economy.

Lesotho is committed to sound macroeconomic policies that are aimed at achieving key objectives of sustained economic growth, employment creation and poverty reduction, while taking into account the need to ensure low inflation and sustainable fiscal and current account balances. It is with this commitment in mind that Lesotho continues to implement a comprehensive economic reform programme which includes privatization of state owned enterprises,

reform and restructuring of public utilities sector and the establishment of a revenue authority. In order for this reform programme to achieve its broad aims, we invite the international community to extend support in the form of increased technical, financial and other forms of assistance.

Developing countries should give high priority to strengthening macroeconomic institutions capacity building requirements through training programmes and provision of technical know-how and technological infrastructure. Emphasis should be placed on strengthening institutional arrangements that bring the main elements of macroeconomic policy into the public domain. As a result, full consequences of those policies, including their social dimensions, can be discussed in a way that helps to achieve a balance between economic and social priorities.

It is a priority policy of my government to promote the creation of jobs. However, Lesotho's small economy is confronted with formidable challenges and constraints such as lack of capacity to take optimal advantage of benefits accruing from trade liberalization, enhanced market access, human and institutional capacity exacerbated by a weak business sector. Whilst we recognize the private sector as an engine of growth, we realize that it continues to face serious shortages of entrepreneurial skills and finance which undermine its ability to contribute meaningfully to the country's economic activities. Unless its capacity is urgently strengthened and expanded, the sector's potential in job creation and foreign exchange earnings through exports will continue to be under exploited, thereby minimally contributing to poverty reduction.

Promotion of both foreign and domestic investments requires the existence of a conducive and enabling investment climate. Many developing countries have made significant progress in facilitating a favourable investment climate. However, foreign investment flows continue to be very low, partly due to institutional capacity constraints, and highly volatile definitions of 'favourable investment climate' by our partners in the north; and poor economic infrastructure particularly in the least developed countries. We call upon the developed countries to review their investment policies in a way that directs financing towards infrastructure development, in order to attract foreign direct investment in these countries.

Trade liberalization plays a vital role in promoting economic growth, employment and development among nations. Lesotho encourages developed countries that have not liberalized their markets to do so. In order to address specific constraints faced by

developed countries, should take into cognizance the review of special and differential treatment provisions, with a view to strengthen. And make them more precise, effective and operational.

We subscribe to a notion of a universal, rules based, open, non-discriminatory and equitable multilateral trading system under the. Auspices of the WTO, as a tool to a meaningful trade liberalization that can substantially stimulate economic growth. As a result, here is a dire need for the international financial institutions and developed countries to generously and substantially contribute to capacity-building initiatives of developing countries, in particular those of the Least Developed Countries in accordance with the Doha agreement, and for an enhanced participation of these countries in the multilateral trading system.

Lesotho has embarked on a programme of developing a long-term national vision to address the many problems that face her economy. Continued implementation and the consolidation of the gains from the macroeconomic reform programme supported by the IMF are awarded high priority. The government believes that implementation of prudent fiscal and monetary policies capable of maintaining inflation and exchange rates at acceptable levels, creates a conducive climate for political stability, increased investments and creation of employment. It is in line with this belief that the government continues to vigilantly curtail wasteful expenditures and abuse of public assets. In addition, Lesotho is in the process of implementing a public sector improvement and reform programme aimed at improving financial management and public service delivery, including rationalization of the civil service. We would highly appreciate increased donor assistance and support to these initiatives.

May I end my statement with a plea that the Monterrey Consensus should become a guiding light, a unifying theme and a source of fresh hope and energy. As we forge and implement strategies that will enhance the achievement of a better world in which the global common wealth is distributed more equitably for the common good of all humanity.

Libyan Arab Jamahiriya

Statement by

Mr. Abdurrahman Mohamed Shalghem
Secretary of the General People's Committee for
Foreign Liaison and International Cooperation of
the Socialist People's Libyan Arab Jamahiriya

Mr. President, I would like at the outset to extend to your Excellency our congratulations on being chosen President for this high level event, embodied in the International Conference on Financing for Development. I am confident that your wisdom and experience will lead this conference towards the achievement of its objectives.

This international event takes place to ensure the realization of the aims and purposes of the United Nations Charter in the enhancement of international cooperation to seek solutions for all economic and social issues. It also embodies the principles indicated in the International Declaration of Human Rights, and implements the outcome of the major conferences and summit conferences held by the United Nations over the past few years, chief among which were the Millennium Summit, and the United Nations Third Conference for the Least Developed Countries. All peoples of the world, particularly in the developing countries, have great expectations of this event, which will address national and international issues, as well as system-wide issues related to comprehensive Financing for Development, in the context of globalization and interdependence. Furthermore, this event will address the issue of development from the perspective of financing, and the mobilization of resources in order to implement fully and effectively the results reached internationally over the past few years.

The mobilization of financial resources constitutes an integral part of the comprehensive efforts that must be undertaken to achieve growth, sustainable development, and the eradication of poverty. Such efforts cannot be made except through the establishment of a conducive local environment in which all members and groups of the society truly participate in the setting of general policies, and control their overview implementation. Each of the actors involved will undertake this task within a political and organizational framework which suits it, and in a manner which leads to the realization of freedom, peace,

security, internal stability, respect for human rights, including the right to development, the rule of law, gender equality, the establishment of just and democratic societies, the enhancement of public finance, through the introduction and execution of effective and equitable tax systems, the increase of public expenditures to develop the infrastructure, social development, capacity-building, and technical assistance. In this connection, the Great Jamahiriya has taken leading and unique measures in the world since 1977, the year when it declared the establishment of the People's Authority. Under that declaration, the Libyan people took control of all organs of government, thus possessing authority, wealth, and arms. Through their exercise of authority, the Libyan people could draw the general policies of the State for all bodies and institutions, implement these policies, and control them. They were also able to establish public and corporate enterprises, as well as partnerships, on an individual and family level. Concessional loans to set up small and medium enterprises were also made available in order to achieve economic, social, and human development for all members of the society.

The mobilization of international resources for development constitutes a vital factor that complements national and international initiatives, through the flows of private international capitals, and the increase of the Official Development Assistance, which, in turn, augments local resources. This assistance remains the biggest source of external financing for developing countries in Africa, the Least Developed Countries, Small Island Countries, and Landlocked Developing Countries. In this respect, Libya calls upon the developed countries to exert their utmost efforts to implement the internationally agreed targets of allocating 0.7% of their GNP to the Official Assistance given to developing countries, and a rate of 0.15% to 0.20% of their GNP to the Least Developed Countries. It also calls upon the recipient and the donor countries, as well as the international institutions, to work together to render official financial assistance more effective. Multilateral development institutions, as well as regional ones, must, in their turn, perform their role in the service of providing the developmental requirements for developing countries. They should also contribute to the provision of adequate funds to countries that face poverty challenges, and lack sufficient accessibility to capital markets. Furthermore, these institutions should harmonize their operational procedures on the highest level in order to

reduce the cost of transactions, and achieve greater flexibility in the process of providing and developing Official Development Assistance. The needs and objectives of national development, within the framework adopted by the recipient country, should also be taken into account. Moreover, they should endeavour to lift restrictions put on assistance given to the Least Developed Countries: improve the capacities for finance management in the recipient countries and the contribution of these countries to the design of technical assistance programmes, including the purchase process, and enhance the effective use of local technical assistance resources.

The alleviation of the burden of external debt plays a major role in the liberalization of resources that can be subsequently invested in activities commensurate with the achievement of sustainable growth and development. My country calls, therefore, for the adoption of more national and international measures in this respect, including, if necessary, the cancellation of debts, and other arrangements, aiming at the alleviation of poverty in the recipient countries. We emphasize, at the same time, that both the IMF and the World Bank should take into consideration, when putting forward recommendations concerning policies, including the alleviation of debt burdens, the basic changes in the ability of countries to sustain debts because of natural disasters, shocks in trade-exchange terms, and conflicts. We stress also the importance of setting a number of clear principles to manage and resolve financial crises in a manner that guarantees an equitable sharing of burdens between the public and private sectors, and between debtors, creditors, and investors. Donor countries are called upon to take steps to ensure that the resources they provide to lessen debt burdens do not adversely affect the resources intended to be provided to developing countries from Official Development Assistance. They should also work to expand and enhance the participation of these countries in all the relevant international institutions such as: the International Monetary Fund (IMF), the World Bank, World Trade Organization (WTO), Bank of International Settlements, and the Ad hoc Groups which provide recommendations concerning policies that have international consequences.

Libya attaches top priority to the revitalization of the UN system, as this is a basic matter in the enhancement of international cooperation for development, and for the establishment of a just and equitable world economic order. We stress also the necessity of enhancing all the major organs of the organization to

perform their mandated principal roles, including the General Assembly, in its capacity as a parliamentary and representative organ entrusted with the enactment of major UN policies. The Economic and Social Council should also be revitalized to be capable of performing the role assigned to it by the UN Charter. Furthermore, Libya urges the acceleration of the reform process of the Security Council, and its methods of work, in a manner that achieves justice and democracy in the adoption of its resolutions. These resolutions should reflect the will of the majority of the international community members who wish to achieve justice and enhance international peace and security. This Council should not be exploited by turning it into a tool of coercion used against small and vulnerable states, and an organ through which unjust sanctions are imposed. Such sanctions have been a major cause for the increase of poverty and diseases, and have led to the deaths of millions of peoples in many parts of the world, including my country in the last decade, and the current suffering of Iraq. My country calls upon the International Community to stand firmly in the face of super powers which have constantly violated the UN Charter and other rules of international law by imposing unilateral coercive economic measures on some developing and least developed countries, which considerably obstructed the efforts of the affected countries in the field of economic development and sustainable development.

My country is a developing country that is very much in need for all its available resources to achieve economic, social and human development for its people. However, given its leading role in the African continent, and out of its sense of responsibility towards several friendly and sisterly countries. Libya has, since the start of the Great El-Fateh Revolution in 1969, contributed to the support of developing countries in general, and the least developed countries in particular, through financial flows in the form of grants, as well as concessional and unconditional loans. Most African countries, and a number of countries in Asia and Latin America, benefited from these flows. Several developmental projects were established, including the building of schools and hospitals, as well as the undertaking of joint investment projects, bilaterally and multilaterally, in the financial, banking, agricultural, mining, fishing, and maritime transportation fields. Libya also contributed to the establishment of numerous petrol stations, power plants, airports, and the drilling of wells for drinking water. Further assistance was given to the building of roads and the establishment of health centres to combat AIDS, and other endemic diseases.

The maintenance of international peace and security, and the reinforcement of stability, constitutes an essential condition for the achievement of economic development and sustainable development, and an effective factor in the mobilization of local and international resources for the financing of development. This has prompted my country to make intensified efforts to put an end to disputes among some states, particularly in Africa and Asia. These efforts were successful in bringing about peace and achieving national reconciliation in several countries, turning their national energies and capabilities to the realization of development and construction. Out of my country's belief that integration is one of the means that will lead to the eradication of underdevelopment and the achievement of comprehensive development, it has been honoured to initiate the Sahilo-Saharan Community of States, and the African Union declared in Sirt Second Summit held in the Jamahiriya in the year 2000.

In conclusion, I wish to express sincerest thanks and appreciation for the commendable efforts of the Mexican government and people who hosted and organized this important event. We are most grateful to them for providing all means to ensure comfort for the participants.

Lithuania

Statement by
Her Excellency Mrs. Dalia Grybauskaitė
Minister of Finance, Republic of Lithuania

It is a great honour for me to speak today at this Conference, which will have a significant contribution to addressing the challenges of Financing for Development in the world. Perhaps it is symbolic, but this year Lithuania has started implementing its own development policy and is gradually transforming from a recipient to a donor country. As a strong democracy with a fast growing economy, Lithuania might serve as a good example in this process.

After regaining its independence in 1990, Lithuania has started to implement its political, democratic, social and economic reforms. Foreign assistance to the country has played one of the essential roles. Nonetheless, mobilization of local resources, commitment for good governance and ownership, and

guarantees of the ability to absorb the assistance for the implementation of reforms represent significant achievements of Lithuania. Of course, human rights, the rule of law, and democratic principles, have served as the basis for sustainable growth of the country. The liberalization of the economy, promotion of free trade, creation of favourable conditions for foreign investments as well as strict anti-corruption measures have established Lithuania as a reliable country in the world.

With the prospect of membership in the European Union (EU), North Atlantic Treaty Organization (NATO) and the Organization for Economic Cooperation and Development, Lithuania must now prepare for taking on additional international obligations.

This year Lithuania's development cooperation policy has been identified as an integral part of Lithuania's foreign policy, which aims to promote global security, human rights and democracy, sustainable growth and poverty reduction in the world. As such, it stands alongside and complements other policy instruments, such as support to international peace-keeping, regional cooperation and good neighbourly relations. In the process of reforms, Lithuania has learned a lot about the modalities of development cooperation and has forged new partnerships.

Involvement in incoming aid programmes (EU Phare, UNDP, World Bank and bilateral/NGO) has led to the acquisition of relevant aid management skills by a range of officials and private sector consultants. The pool of unique skills and experience is a resource, which can be made use of in the implementation of outgoing trilateral and multilateral programmes in the world.

Lithuania strongly supports the process of globalization, Millennium Development Goals and is firmly committed to the aims of the Monterrey Conference. I do hope that the results of Monterrey will contribute to better living in the world.

Luxembourg

Statement by
His Excellency Mr. Charles Goerens
Minister for Cooperation and Humanitarian Action,
Grand Duchy of Luxembourg*

Luxembourg is quite aware of the noteworthy progress achieved in the world in the past 30 years. This progress illustrates that poverty eradication is not an illusion. A child born today can expect to live 8 years longer than had been the expectation 30 years ago. But let us not forget that at the end of the year 2000 approximately 36 million people tested positive for AIDS or are carrying it. At that time, some 90 per cent of them lived in the developing world, and 70 per cent in sub-Saharan Africa.

As for the progress achieved, however insufficient, it shows the existence of real means that we already have at hand. There is no question of challenging what has been achieved. And there is no question of letting this progress stagnate through a globalization process that is too exclusive. Let me list some of the many elements – more equitable trade; general accountability as concerns combating climate change; a true North-South partnership benefiting the amplitude of the effort and its effectiveness; a global policy of health care that would bridge the gap that unfortunately continues to separate physicians from patients, the sick from medication and hospitals from the people who really need them – that can correct a globalization which is too unbridled and which can be made more humanistic through world governance, still too unstable today.

Together with our partners in the European Union (EU), we were not waiting for the tragic events of 11 September last. Nothing, of course, can justify the need for introducing far-reaching structural change on our planet. The Government of Luxembourg is alarmed over the drop in world official development assistance (ODA) over the past 10 years. Average ODA indeed has declined to a critical level, corresponding to only 0.22 per cent of GNP of the Organization for Economic Cooperation and Development (OECD) countries. Thus, ODA to Africa, which in 1990 was still \$25.4 billion, dropped to \$15.7 billion in the year 2000.

My Government, which has over 10 years regularly increased its ODA, in the year 2000 devoted 0.74 per cent of its gross national income to that end. We decided to continue the increase of ODA, which should reach one per cent of its GNP between now and the middle of the decade. The European Union and its member States, which provide more than 50 per cent of ODA, bear considerable responsibility. We welcome the recent conclusions reached at the European Council in Barcelona; these are aimed at increasing the average ODA of member States to 0.39 per cent between now and the year 2006.

Luxembourg has actively participated in the work done in the European Union and in the United Nations Preparatory Committee in organizing this Conference. We consider that the Monterrey Consensus is inclusive and balanced, because it sets out a number of proposals that make it possible to mobilize new national and international resources on debt, trade and the role of the private sector in financing for development. It is important for developing countries to carry out the necessary reforms in order to ensure good governance. It is particularly a question of promoting the proper operation of public institutions, eliminating corruption, reducing inequalities and setting up fiscal and administrative systems that are efficient and transparent.

The international community will be judged more in the light of what happens after Monterrey – and in this respect I welcome the recommendations set out in the chapter entitled 'Staying Engaged'. We must intensify our efforts to ensure the coherence of policies at the international level. This means that the objectives of sustainable development and combating poverty must be supported by all policies pursued at the multilateral level, whether it is a question of agriculture, trade, environment or finance.

Lastly, Mr. President, I would like to express my very best wishes to you for the successful completion of these deliberations.

* The text of this statement has been transcribed from audio recordings, as the original was not submitted to the Secretariat

Malawi

Statement by
His Excellency The Honourable Friday Jumbo
Minister of Finance and Economic Planning,
Republic of Malawi*

Let me, on behalf of my delegation and myself, join other speakers in thanking the Government and the people of Mexico for hosting this very important and historic event and for their hospitality. I also thank the United Nations for the excellent facilities placed at our disposal at this Conference.

This Conference has opened the gates of hope for the poor of the world. It is a declaration of hope to them that the leadership of nations and organizations of the world are committed to eradicating poverty, adhering to sustainable economic growth and development, as well as to a fully inclusive and equitable global system.

We acknowledge that official development assistance has assisted poor countries in their efforts to meet some development challenges. Over the past four days, the discussions have converged on the fact that considerable amounts of resources are required to meet the Millennium Development Goals. In this respect, we welcome the statements made by developed nations to increase their commitment to official development assistance.

However, for least developed countries such as Malawi, with a small landlocked economy and with 65 per cent of the population living below the poverty line, significant amounts of official development assistance are required to make a positive impact on the economy. While the efficiency of aid is of concern, our view is that the effectiveness of aid on poverty levels needs to be united with flexible and transparent conditionalities. In most instances, perceptions undermine facts and are largely used to shift goals, thereby making official development assistance contradict the very objective of poverty eradication.

Official development assistance should be given in a context of country needs and priorities. With the advent of democracy, many sub-Saharan countries have established democratic institutions to ensure good governance and transparency, with a view to consolidating democratic values. These are indeed preconditions for any meaningful sustainable

economic focus. However, we note with concern that, in the absence of transparent and universal measures regarding the rule of law, good governance and transparency, double standards often arise to the disadvantage of developing countries. We urge the bilateral and the multilateral institutions to establish meaningful acceptable measures, which can act as a road map for enforcing good governance issues. We believe that the sustainability of democratic institutions and good governance depends on adequate resources to support their structures.

Malawi is among the six countries where the Millennium Development Goals were analyzed and costed. A minimum of about \$4 billion is required to achieve the Millennium Development Goals. They therefore need commitment on the part of cooperating partners to ensure that these resources are available.

During these deliberations we have noted the need for political and economic will on the part of developing countries in order to achieve poverty reduction. In Malawi in particular, when the new Government came to power in 1994, poverty alleviation was pronounced as its overarching development strategy. In the recent past, preparation of the poverty reduction strategy paper has complemented this process. What we now require is a complementary political will on the part of our cooperating partners in order to win our war against poverty.

Malaysia

Statement by
His Excellency Datuk Azmi bin Khalid
Minister of Rural Development, Malaysia

Let me first congratulate you Mr. President on your election as Chairman of this Summit Segment of the International Conference on Financing for Development. We are confident, Mr. President, that under your able chairmanship, the Conference would come to a successful outcome. I also would like to take this opportunity, on behalf of the Government and people of Malaysia, to thank you Mr. President and the people of Mexico for the warm and generous hospitality that you have accorded to us during our stay in this beautiful city of Monterrey. My delegation also is grateful to you Mr. President for the arrangements that have been made to make our stay here comfortable and memorable.

* The text of this statement has been transcribed from audio recordings, as the original was not submitted to the Secretariat

This is a historic moment for all of us today as we stand on the threshold of a new partnership for the financing for development which has been the most critical issue facing developing countries. The state of affairs on financial aid is lamentable. A recent World Bank publication pointed out that while rich countries' incomes have grown, their foreign aid as a proportion of their income has declined to a historically low level of 0.2 per cent. Over the decades, many development models have been tried out. Lack of success is not for want of programmes or plans. It is the lack of financial resources that has stymied efforts of many developing countries towards attaining success in their development goals.

The road to Monterrey had been long and difficult but many obstacles had been overcome. This Conference holds the great promise of reinstating on the international agenda the importance of a genuine partnership between the developed and developing countries along with the universal recognition that sustainable development should be people-centred in its objective, scope and focus. The Conference also presents the greatest opportunity to adopt a new international framework to support the development efforts of both the poorer and more advanced developing countries. The Conference also provides an opportunity for the international community to strengthen cooperation for development by addressing international and systemic issues including the reforms of the international financial architecture, in a holistic manner in the context of globalization.

The subject of development cannot be discussed in isolation without reference to globalization. The globalization process has been a source of great concern for developing countries. The rapid phase of globalization and the increasing instability in the international economic environment has made the issue of financing for development ever more critical. For all the exaltations and salutations of globalization, the economic disparity between the North and the South has widened and the benefits disproportionately distributed. The income gap between the richest and poorest has significantly widened and the number of people living in absolute poverty has been increasing despite unprecedented prosperity in the developed world. Globalization even affects the notions of statehood and government as it weakens the basis for effective domestic government and the scope of economic policies at the international level. Globalization alone does not lead to growth and development nor does it solve the problem of poverty. Rapid or premature liberalization has, in many cases, damaged emerging economies in Asia and Latin America.

Asia's experience of globalization has not convinced us that this is the answer to economic ills for economic growth. Globalization need not be about free capital flows only. There can still be globalization but it should not be absolutely free, it should not be purely market driven. Regulated globalization, which takes into account specific country circumstances, can still be compatible with the idea of globalization.

One of the goals of the Conference is to eradicate poverty as we advance to a fully inclusive and equitable global economic system. For many developing countries, rural development is almost synonymous with poverty eradication. In Malaysia, planned and concerted efforts to develop the rural areas and eradicate poverty have started since our Independence in 1957. As a result of the government's efforts and high economic growth, the incidence of poverty has decreased substantially from 52.4 per cent in 1970 to 6.1 per cent in 1997. However, poverty eradication efforts were hampered to a certain extent, due to the East Asian Financial Crisis in 1997. The incidence of poverty rose to 7.5 per cent in 1999.

The East Asian financial crisis underscored the risks and challenges posed by globalization to developing countries. The crisis was perpetrated by the free exit of capital. It was clear that the bitter lessons of the Asian financial crisis showed that globalization was not the universal solution it was touted to be. The crisis had also shown that the present international financing system is badly equipped to deal effectively with the new complex challenges of globalization.

Furthermore, part of the problem that brought the financial crisis was the inherent defect of the international financial architecture which was inadequate to cope with the effect of huge and volatile financial flows. It was seen that even countries regarded as success stories of development and those with sound economic fundamentals were vulnerable to shocks generated in the international financial markets.

In order for globalization to be better managed, a new global order to correct the effects of market failure and marginalization is required. Malaysia is pleased that the Conference has recognized the urgent need to enhance coherence, governance, and consistency of the international financial system. The reform needs to focus on international action and issues of governance of the international system including transparency and disclosure, capital flows, currency trading, highly leveraged institutions and reform of the international financial institutions.

The issues of financing are particularly relevant and vitally important in solving the challenges of development for many developing countries. We know that adequate and relevant infrastructure can facilitate the development of countries. The presence of basic physical infrastructure is vital and adequate resources should be channeled towards this purpose. As such, the need for dedicated pool of international financing for the development of infrastructure in developing countries must be given serious consideration. The mere construction of infrastructure can provide jobs and contracts for the local people. For example, the construction of roads and railroads will help landlocked countries to reduce the cost of transportations of raw materials and the imports of needed manufactured good. The cost of infrastructure is very high and the poor countries cannot themselves build the infrastructure so critically needed by them. The current official development aid is also inadequate. New and reliable sources of funds must be found to finance infrastructure projects in poor countries. Malaysia, therefore, welcomes the decision of the Conference to study in the appropriate fora, on possible innovative sources of finance.

The challenges facing developing countries, in integrating themselves into the international trading system, lies in their ability to fully and actively participate in the multilateral trading system. Regrettably, many developing countries have yet to fully benefit from global trade liberalization because of their inability to access meaningfully the markets of developed countries. Although the WTO carries with it the objective of freer trade, many developed countries maintain protectionist regimes and subsidies as basic instruments of economic policy, even as they insist on opening up the markets of the developing countries in the name of globalization and liberalization.

In this regard, we would like to see that the WTO adheres to trade-related issues, which have a legitimate place within a system of multilateral trade rules. These rules and the system must primarily be designed or re-designed to benefit developing countries, which form the majority of the WTO membership. Towards this end, it is imperative that the imbalances and asymmetries, which include the lack of implementation of existing obligations by developed countries in the area of textiles and agriculture; lack of market access for products of special interest to developing countries and the need to effectively operationalize the provisions for special and differential treatment, be given high priority.

The Monterrey Consensus, the document that is before us for adoption, is the beginning of the new partnership on the financing for development amongst the developed and developing countries together with the leading financial and trade institutions, the business sector, non-governmental organizations (NGOs) and interest groups to unlock and harness the financial resources, both domestic and international, so critically needed for development by the developing countries. National governments have undoubtedly a key role to play in the mobilization of domestic resources by displaying good governance, sound macroeconomic policies, fiscal discipline, rule of law and political stability. Political stability is vital in ensuring continuity of government policies as well as creates greater certainty and confidence in the economy. At the same time, a stable and predictable international environment must be able to support and promote sustained growth and development and provide greatest certainty by being able to avert excessive volatility. Towards this end, a combination of strengthened domestic resilience and a new international financial architecture are needed for developing countries to enjoy sustainable development.

Malaysia believes that mobilizing international private capital flows can generate rapid economic growth and prosperity. In this respect, judicious management of private flows is necessary to ensure that incipient domestic industries and businesses are given adequate time to mature and do not face unfair competition. In addition, foreign investors should also initiate and nurture the development of host countries producers to supply their inputs and components. In this way, the linkages with the host countries will be strengthened. We also note that countries must also provide a conducive environment to attract foreign direct investment (FDI).

In this information era, the role of the media in supporting development cannot be overemphasized. The media has tremendous control and influence in shaping the perception of people about a nation and its policies. We urge that the media continue to exercise greater responsibility in disseminating accurate, well-balanced and timely information. They must be careful to avoid biases and imposing unfounded value judgements in their reporting. Inaccurate and unfair reporting has on many occasions adversely affected development efforts of national governments. In some instances, it has caused the loss of potential capital inflows as well as the outward flight of capital from the country.

The holding of this Conference has strengthened and renewed our resolve to eradicate poverty and bring sustainable development and prosperity to all mankind. If we commit ourselves to implement the proposals of the Monterrey Consensus, I am confident that we will achieve a more inclusive and equitable global economic system. The Monterrey Consensus has reflected some of Malaysia's concerns and views. However, we wish the document could have more concrete measures to implement the proposals and decisions. Furthermore, it will all come to naught if there is no proper follow-up mechanism to implement the proposals made in the Monterrey Consensus. We must therefore keep up the momentum that we have gathered and move on full gear to realize the Monterrey Consensus. Each and every one of us – nation states, multilateral institutions, business sector and NGOs and interest groups – has a role to play in this regard.

The implementation of the Monterrey Consensus and an effective institutional framework for this purpose within the United Nations is urgent. This document provides a new spirit of cooperation to reinvigorate our efforts in overcoming existing obstacles to development. Let us therefore take this august occasion to match words with deeds.

Maldives

Statement by
His Excellency The Honourable Mohamed Jaleel
Minister of Finance and Treasury, Republic of
Maldives*

I am honoured to read out this message from His Excellency Mr. Maumoon Abdul Gayoom, President of the Republic of Maldives, to the International Conference on Financing for Development.

“I had indeed been looking forward to attending this momentous Conference in Monterrey, but important engagements at home have not made it possible for me to be there today. Nevertheless, with your indulgence, I would like to share with you some of my thoughts and ideas on the vitally important issues before this forum. But let me begin by wishing this historic gathering success in its urgent and challenging endeavour.

* The text of this statement has been transcribed from audio recordings, as the original was not submitted to the Secretariat

“You are meeting at a time of global economic downturn. The terrorist attacks in the United States last September had aggravated the difficulties the world economy had been experiencing for the past year or so. The economy of my country, the Maldives, has also been severely affected by these problems. Indeed, times are hard globally. But they will become even tougher unless a concerted effort is made to address the crippling economic difficulties being faced by many developing countries.

“The Monterrey Consensus that had so carefully been crafted in the months preceding this Conference identified several key practical measures to mobilize development funds. But as the high-level panel chaired by the former President of Mexico, Dr. Ernest Zedillo, has reported, there is no substitute for finding additional resources, especially in official development assistance. Proposals to increase SDR allocations and replenish IDA funds and appeals to meet the 0.7 per cent target of official development assistance need to be implemented. Likewise, ideas of funding global public goods, especially those that will contribute to arresting environmental degradation, particularly global warming, must be fully explored.

“The Maldives is a very small country of 270,000 people. We have very limited natural resources and face many developmental constraints. Our economy is primarily based on tourism and fisheries. We have very little scope for economic diversification or for mobilizing sufficient domestic capital. Financing our further development requires continued and enhanced preferential access to markets and capital. Despite the structural impediments that we face, we have for many years managed to sustain a healthy rate of economic growth and development.

“Thanks to the hard work of our people and the support of the donor community, we are accelerating structural reforms to increase the flow of foreign investment into the country. However, the success that we have so far been able to achieve through the prudent management of our limited resources has led to calls in some quarters for the withdrawal of concessions that currently contribute to our development. Doing that would amount to a serious penalty. It would be one that would impose huge costs on our economy, for the structural problems that constrain our development have not been overcome.

“There is a need to be more sensitive to the individual circumstances of specific countries when decisions of a general nature are taken. Fighting poverty and deprivation is a serious challenge. It is estimated that approximately 900 million people in the Asian and Pacific region alone belong to the

world's poor and earn less than the equivalent of \$1 per day. It is vital that we recognize the pressing need to address this challenge and forge a common strategy in achieving the global development goals agreed in the Millennium Declaration.

“As the Zedillo panel has pointed out, attaining those targets alone would require at least an additional \$15 billion in official development assistance per annum. Every effort must be made to achieve the agreed target of 0.7 per cent of the gross national product in official development assistance. Similarly, we, the developing world, must undertake to use these limited official development assistance resources wisely and efficiently and work in real partnership with the donors.

“In a global village, development becomes a public good – one from which everyone benefits, for democracy, peace and development are all ultimately interrelated.”

Malta

Statement by
His Excellency Mr. John Dalli
Minister of Finance, Republic of Malta

At the outset, I would like to convey my delegation's appreciation to the Government and the people of Mexico for hosting this Conference as well as for the warm welcome and hospitality extended to us by the city of Monterrey.

During the past decades humanity has witnessed unprecedented socio-economic development, which has enhanced the lives of millions of people. It is a disconcerting reality that the benefits of this development were not evenly distributed amongst all regions of the globe. We are witnesses to the unfolding reality that the divide, between the comfortable and the deprived is widening. We are seeing the poverty trap engulfing more and more of the earth's population.

We are here today because we know this to be unacceptable and because we want to try to act in an effective manner to redress this situation. Malta firmly believes that, through the necessary political will and commitment, the Millennium Declaration development goals, which enjoy the support of the general membership of the United Nations, could succeed in containing the scourge of poverty by the year 2015.

The Monterrey Conference should strive to achieve a comprehensive agreement on the financial mechanisms necessary to achieve the noble goals enshrined in the Millennium Declaration. However let us not presume that financial mechanisms alone are sufficient to achieve the changes in culture, the upgrading of the human resource, the strengthening of the economic fundamentals, the capillary expansion of the distribution channels and the infrastructural build-up that are required to achieve the Millennium Goals.

It is my government's firm belief that only functioning governments, broadly committed to sustainable development could significantly accelerate poverty eradication. The achievement of adequate levels of financing for development requires, first of all concrete actions at the national level to maximize the mobilization of domestic financial resources.

This is witnessed in the development of an environment founded on the tenets of democracy, respect for the rule of law and human rights as well as the promotion of peace and security are prerequisites for achieving socio-economic progress. We believe that good governance, sound macroeconomic policies, transparency, adequate domestic institutions, sustainable fiscal balances, coherence, social safety nets and the fight against corruption as crucial for building the right environment, which harnesses domestic financial resources. However, we do recognize that some countries have specific constraints and vulnerabilities. These include Least Developing Countries (LDCs), Landlocked Countries and a number of Small Island Developing States (SIDs). They face huge difficulties in generating sufficient domestic financial resources.

In this regard, developed countries should realize that a sound international financial and economic environment is essential to support their own efforts to achieve sustainable development.

A sound domestic environment is imperative in promoting and encouraging private sector initiatives as well as to attract international financial resources including Official Development Assistance, Foreign Direct Investment and trade opportunities. In the latter context, we must strive hard to renew those commitments which were previously made in the meetings held in Marrakesh, Singapore, Geneva and recently in Doha, to help LDCs secure beneficial and meaningful interpretation in the multilateral trading system and the global economy. It is our firm belief

that international trade plays a major role in the promotion of economic development and the alleviation of poverty. In this context we appeal for the removal of barrier to exports and the elimination of trade-distorting subsidies.

We are noticing with some apprehension that developed countries, which are the main motors of the global economy, seem to have lost their nerve and are building protective barriers around their home markets. This, when they continue to assume an aggressive stance towards trade liberalization to open foreign markets to their businesses. Trade is an engine which activates growth in developing countries. Developing countries need to enhance their capacities in view of future World Trade Organization (WTO) negotiations in order to promote a level playing field in the international trading system. They should be assisted in doing so.

In the context of laying the groundwork for sustainable development, one should not overlook the importance of debt relief. Every effort should be made to ensure the implementation of the Heavily Indebted Poor Countries (HIPC) Initiative.

Notwithstanding its limited dimension, insularity and lack of natural resources, the development process in Malta has yielded positive results. Since its independence my country, through sheer resolve as well as investment in human and institutional capacity-building, succeeded in harnessing its domestic financial resources and in attracting adequate levels of international private flows and trade opportunities. These have significantly contributed towards sustaining development in the Maltese Islands. Political stability, sound macroeconomic policies and a well-educated and skilful work force have proved to be the basic elements for the promotion of sustainable development.

In a rapidly emerging globalized world, national crises may have ripple effects impacting whole regions. This contagious influence calls for adequate mechanisms aimed at enhancing existing opportunities and ensuring an equitable distribution of the benefits emanating from a globalized economy.

It is only through synergistic efforts at both the national and international level that nations can achieve a sustainable future for all.

Mauritania

Statement by
His Excellency Mr. Mohamed Ould Nany
Minister of Economic Affairs and Development,
Islamic Republic of Mauritania*

In speaking to this group, I would first of all like to thank the United Nations and the Mexican government for their excellent organization of this International Conference on Financing for Development and for the invitation given to our country to participate in it. I would also like to convey the greetings of the President of the Republic, His Excellency Mr. Maaouya Ould Sid Ahmed Taya and his wishes for full success in these deliberations.

The Conference, which brings us together today, is a unique opportunity to measure the state of implementation of the undertakings of September 2000 of the Millennium Summit and to strive to mobilize the resources necessary to make them a reality. The objective of a 50% reduction by 2015 of extreme poverty is historic and will require an effort of solidarity, which is unprecedented in the international community.

The success of the Conference on Financing for Development depends on our ability to find solutions which are appropriate in areas such as Official Development Assistance (ODA), the sustainability of foreign debt, the mainstreaming of developing countries' international trade, and the reduction of the widening technological gap between the industrialized and developing countries – which we call the digital divide.

Concerning ODA, it must be greatly increased in the next few years to guarantee that the developing countries will have concessional resources that are compatible with the objective of poverty reduction by 2015. The World Bank and the International Monetary Fund (IMF) say we need US \$54 billion per year, which would imply a doubling of the amounts given by the member countries of the CAAD moving to 0.45 per cent of their Gross Domestic Product (GDP) from 0.22 per cent.

* The text of this statement has been transcribed from audio recordings, as the original was not submitted to the Secretariat

It is a concern to us to note that public aid given to developing countries has actually declined by 22% in real terms between 1991-2000 and this reduction has mainly impacted Sub-Saharan Africa where the proportion has fallen from 37.2% to 22.2% in the 1990's. Reversing this trend is essential. Therefore I would like to talk about the American government's initiative to increase ODA by US \$5 billion over the next three years and the decision made by the European Union (EU) at the last summit in Barcelona to bring up to 0.39 per cent of the GDP the aid that they give to developing countries.

We noted with great interest the proposal of the US President to increase the proportion of grants in the operations of the multilateral banks. This proposal gives pride of place to financing aid which is not reimbursable in form of grants for education projects, for health, for drinking water, and which will help reduce poverty and improve the condition of the poorest countries. We are of the opinion that these proposals should be seriously considered and a compromise must be found for us to conclude the discussion in having resources from aid and the African development fund to help the poorest countries, in particular Sub-Saharan African countries.

The debt burden is a major obstacle to the efforts made for sustainable development and poverty reduction. The initiative for the poor countries, HIPC, is a major advance in solving this problem and will help make our debt loads more sustainable according to our economic indicators. This initiative must be consolidated and the foreign debts of the poorest countries must be followed carefully to prevent a slide of the efforts that we made to eradicate poverty and improve the living conditions of our people.

For international trade this can be a potent factor for development as long as we improve access for developing countries to the markets of developed countries, eliminate the tariff and non-tariff barriers, and eliminate subsidies which impede exports. The agreement reached recently at the 4th Ministerial Conference in Doha in November 2001 could be an opportunity to improve this trade situation in a substantial way. The objective must be to have a new cycle of development in order to stimulate progress on the world scale to help both industrialized and developing countries.

In terms of the digital divide and the technological gap, the international community must help developing countries improve access to new information and communication technology to encourage a better spread of knowledge and to help implement and promote conditions which will increase foreign investment (FI) flows.

NEPAD, which was launched in October 2001, is a framework for cooperation that is adequate for Africa and its partners. In this initiative, the African countries will bring the necessary conditions to act together at all levels to implement programmes and improve the conditions of their people. We hope that these partners will help us in this initiative, which will be useful for the confidence of the people.

In recognizing the importance of the multi-faceted support of the donor countries and the international agencies representing the Conference, the development of our countries in improving our living conditions is just as much our responsibility and our duty. Therefore, with determination and vigour, the Islamic Republic of Mauritania has worked since the mid 80's under the wise leadership of its President, Mr. Maaouya Ould Sid Ahmed Taya, in developing and implementing an ambitious developmental strategy based on more political freedoms, improving sustainable human development indicators, bolstering the role of the private sector as an engine in income generation and in complying with the rules of good governance.

The reforms instituted in the last 15 years have allowed us to restore economic balance inside and out, to spur economic growth which has been 4.6 per cent from 1992-2000, to bring down inflation and to improve social indicators such as education, health, drinking water, and literacy, and to reduce poverty which has declined to from 56 per cent in 1990 to 46 per cent in 2000.

We are determined to take up the challenges of development such as poverty. The Conference, which brings us together today, has been followed with much interest in our country. It is essential that we make recommendations which are pertinent so we can reassure our people as to the will and the commitment of the international community to help the developing countries in their efforts to get out of the cycle of underdevelopment as well as instituting conditions for a true programme of economic promotion and development and a social programme which will help us fight poverty. The Monterrey Consensus has conclusions and decisions, which constitute in our view a coherent and integrated process, regarding Financing for Development. The document shows the importance of mobilizing national financial resources, the role of the FI flows, the private sector, the world international trade in stimulating growth and development, the strengthening of ODA, as well as the consistency of monetary, financial and international commercial systems.

The document reaffirms the commitment of international communities to support the efforts of developing countries to realize the objectives contained in the Millennium Declaration and other world summits.

It's an important innovation. The document calls for establishing a mechanism to follow-up on the decisions of the Conference, which will be measured at regular intervals to see that agreed undertakings are respected in the hope that these proposals will be implemented effectively in the challenges we face together. I would like to wish great success to our deliberations in this Conference.

Mauritius

Statement by
His Excellency the
Honourable Anil Kumarsingh Gayan
Minister for Foreign Affairs and Regional
Cooperation, the Republic of Mauritius

My country is deeply honoured to be in this beautiful city of Monterrey to participate in the United Nations Conference on Financing for Development. May I express on behalf of my delegation and on my own behalf our heartiest thanks and appreciation to the President, the Government and people of Mexico, for the very warm welcome and hospitality extended since our arrival.

The uniqueness and the historical dimension of this Conference cannot be overemphasized. Monterrey provides an opportunity to re-focus on the goals set out in the Millennium Declaration and to correct the unacceptable development imbalances in the world today. Thirteen years separate us from the year 2015 when the commitments made with respect to the Millennium Development Goals will be assessed. For the sake of the record, those commitments refer to the halving of world poverty, achieving a two-third reduction in child mortality, a reversal of the speed of HIV/AIDS and the provision of primary education to all children around the world.

These goals will only be met if Official Development Assistance (ODA) is substantially increased. In view of the wide margin that exists between the target of 0.7 per cent of donor GNP and the present level of ODA and the constant decline in ODA in real terms over the last years, we are con-

vinced that a major effort and commitment must come from the donor countries if they are sincere in reversing the poverty escalation.

We do, however, appreciate that President Bush has announced a US \$5 billion increase in foreign aid for poor countries from 2003 over a period of three years. This amount which is inadequate for the challenges which we face is all the same important for its psychological dimension. Likewise, we welcome the pledge made by the European Union to increase development assistance by US \$4 billion by 2006 – a 0.03% increase in their current average which will take it to 0.39%. We would have wished the US and the EU to pledge outright that they would double their aid fund since that would come close to what the World Bank estimates is necessary to help poor countries meet the UN Millennium Development Goals. We consider that the fight against poverty cannot be waged on the battlefield of ideology and subjectivity since poverty is ideology-free, objective and neutral. Already there are too many conditionalities attached to aid without the necessity of adding further to them.

For the first time in recorded history, mankind has not only the resources and the means but also the knowledge to win the war against poverty. The mistakes committed both by the donor countries as well as the recipient ones have been learnt and not forgotten. The poverty-trapped countries expect the industrialized countries to be generous committed for the long term. The prosperity of the developing countries can only increase the wealth of their developed partners! But the untied aid package is still far short of what is needed.

Developing countries, for their part, are wedded to sound economic policies, good governance, a right mix between the public and private sectors and a determination to eradicate corruption. Indeed, the New Partnership for Africa's Development (NEPAD) is a model of the policies that developing countries in Africa, including the least developed among them, are already adhering to.

Good governance is a two-way process, and this is why we feel strongly that the request which African developing countries have made to their developed partners to return all ill-acquired wealth invested in the West should be favourably entertained. All such ill-gotten money belongs to the developing countries and this money represents untied resources for financing our development. While we subscribe to the necessity of accountability, we believe also that such accountability must be based on reciprocity. There should be a real partnership for accountability purposes.

Mauritius believes that Financing for Development should not be looked at only as a relationship between the rich countries and the poor ones. There are a sizable number of countries which are in the middle income, and they are in serious danger of being sidelined by a simplistic approach to financing for development. We support the initiative for Heavily Indebted Poor Countries (HIPC) but we are also concerned that middle-income countries must not be denied access to concessional loans and other facilities, terms and conditions the lending institutions make available to poor countries. There should be no 'punishing' of these countries which are sidelined on account of their relative positive performance.

As we in Africa embark upon the construction of the African Union and the implementation of the underlying philosophy, principles and policies of NEPAD and as we reform and modernize our economic structures in conjunction with the private sector, our legal system and other institutions, we need to know that there will be no major policy shifts on the part of the developed countries. Africa's development strategies will need to have bearings which need to be stable for the long term. It is for this reason that we cannot contemplate a situation where those who preach free trade and competition for others also practise protectionism for short-term domestic political interests. Such policy shifts damage our confidence and adversely impact upon our long term planning.

The recently formed Investment Advisory Council which provides the business response to NEPAD will also help in achieving closer interaction and collaboration between the lending institutions, business leaders and governments. Foreign Direct Investment (FDI) is critical for Africa to escape the double trap of poverty and debt. But as I have said earlier, along with FDI, there is a dire need for it to be accompanied by Official Development Assistance at least for the foreseeable future.

Monterrey is a new beginning as it breaks the cycle of dashed hopes. The Monterrey Consensus is indeed a welcome step forward. We need to build on it and take concrete action to implement its commitments. As we prepare to proceed to Johannesburg later this year for the World Summit on Sustainable Development, let us express the wish that the industrialized countries will sustain their interest in rescuing the poor countries and empowering them to become genuine players and partners on the globalization stage.

Just like September 11 galvanized the international community to wage relentless war against terrorism we have the conviction that Monterrey will heighten the awareness of the same international community to wage an equally relentless war against poverty.

Monaco

Statement by
His Excellency Mr. Jacques Louis Boisson
Ambassador and Permanent Representative to the
United Nations of the Principality of Monaco*

I wish to thank President Fox and the Mexican authorities, as well as the Government of Nuevo León and the city of Monterrey, for the remarkable organization of this Conference and for their warm welcome. I also wish to thank the Secretary-General and all the members of the Secretariat who are here or at Headquarters. I wish to convey to you, Mr. President, the regrets of our Minister of Finance and the Economy, who was to attend this Conference but had to cancel his trip because of a special meeting of the National Council, our Parliament. Of course, democracy obliges.

Roughly more than a century ago, the Principality of Monaco, a narrow, arid terrain without natural resources, would have been among the poorest countries of this Conference. Under the well-guided impetus of its Princes, and thanks to the ingenious nature of its population of different origins, it has become a developed country. That is why it is able to understand the problems that are faced by developing countries.

It is seriously determined to provide assistance within its capabilities to less advantaged countries. Its determination can be seen primarily at two levels: First, through a steady increase in its financial contribution to multilateral development programmes since its succession to the United Nations in May 1993; and secondly, through the strengthening of its bilateral cooperation that is characterized by partnership agreements with developing countries and countries in transition. This has been possible thanks to the recently established department that is under the authority of the Head of Government and led by a Plenipotentiary Minister.

* The text of this statement has been transcribed from audio recordings, as the original was not submitted to the Secretariat

Our Government is perfectly aware of the exceptional importance of this international Conference of historical scope and, therefore, we firmly support the Monterrey Consensus adopted this morning, which culminates our work, so that commitments made by our Heads of State or Government at the Millennium Summit can promptly take shape.

A State of modest dimensions facing the sea, the Principality of Monaco is naturally interested in small States, island States, landlocked States and the least-developed countries. While encouraging many non-governmental organizations based in Monaco to do the same and to increase their efforts favouring these States, these organizations, which mostly benefit from steady financial support from our Government, strive primarily to implement, through microcredits, development of microprojects that are well integrated into their environment with specific and concrete objectives and that are accompanied by a simple yet reliable evaluation process.

Because of current financial and economic globalization, our Government is convinced that official development assistance must be accompanied by private investment. That means that in order to attract private investment, we must develop institutions, legal, administrative, scientific and technical establishments in recipient countries, as well as training in various disciplines for men and women in these countries who must tackle the demands of the world economy.

Functional literacy projects, as well as adult education programmes, directed towards meaningful work such as that designed and carried out successfully by the United Nations Education, Scientific and Cultural Organization must be encouraged and understood by companies that invest or that are considering investment in these countries. The prospect that links long-term commitment of donors to improving public affairs management and conclusive results in recipient countries seems to be an interesting approach, as is the proposal to promote trade and financial integration at the regional level with the support of financial institutions and banks in the regions concerned.

Debt is a great concern to the Government of Monaco. In our opinion, it must be a priority issue to be followed up at this Conference, because, if it is not resolved, there can be no hope for the consistent long-term development expected by many countries.

Finally, the Principality of Monaco – and this is a traditional policy of its Princes – is devoted to respect for nature and the great balances within nature. Sustainable development, fully respectful of the environment and natural resources, as well as of the

creativity and cultural diversity of peoples – our most authentic asset – is, in our opinion, crucial. The discussion undertaken on the concept of ‘global public goods’ deserves to be followed up and deepened in that spirit.

A maritime State deeply respectful of the sea and the oceans and its flora and fauna, the Principality of Monaco believes that this new concept, as well as that of the common heritage of mankind, which is mentioned in the United Nations Convention on the Law of the Sea with regard to polymetallic seabed resources, should, within a proper legal framework, be able to contribute to protecting world food resources, non-renewable energy reserves and the wealth of the exceptional biodiversity of our planet. As a living, fragile and dependent being whose survival as a species could be endangered by its own behaviour, is it not our duty to pay attention to the very sources of that development, which we wish to correctly ensure today with consistent, long-term financing?

Mongolia

Statement by
His Excellency Mr. Chultemin Ulaan
Minister for Finance and Economics, Mongolia

At the outset I wish to express our sincere gratitude to the people and Government of Mexico for their warm hospitality and organization of this important conference in Monterrey.

Mongolia attaches great importance to development financing and has been actively engaged in this process since its very beginning. We believe that the Monterrey Conference will be a crucial leverage for implementing the objectives of the Millennium Summit. For landlocked Mongolia with a transition economy, the outcome of this conference, in particular the Monterrey Consensus, is of utmost importance.

More than a decade has elapsed since Mongolia joined the international community by upholding freedom and democratic principles. During these years we have made enormous efforts to promote human rights and good governance, to open up its economy on a market basis. Our achievements in building a democratic society are substantial and the reforms are irreversible. However, the transition has negatively affected the social infrastructure, especially the health and education sectors as well as the most vulnerable groups of the population. During these diffi-

cult years of transition, poverty has emerged as a phenomenon and today it has turned into one of the critical issues facing society. At the national level, we are taking decisive, step-by-step measures to reduce poverty. That is why we are seriously working to turn the PRSP into a national programme.

As we place the human being at the centre of development, the Government of Mongolia has elaborated a national programme on 'Good Governance for Human Security' and is presently working hard to implement it. From this perspective we consider the concepts of good governance and human security as two sides of the coin. In order to achieve this goal Mongolia places high importance to human development and structural reforms. That is why we believe that the efforts of the countries that promote human security should be supported by practical deeds, and not merely by lofty recommendations. We express the hope that the Monterrey Conference would make an important contribution in this regard.

Trade and investment are an integral part of the concept of development. In many developing countries, especially in landlocked developing countries, trade and investment flows are much less than we wish to see. The two major obstacles to this are: First, underdeveloped infrastructure and, second, high transit transport costs for their goods. Moreover, smallness and vulnerability of economies, recurring natural disasters as well as decreasing world prices on export commodities hamper greatly the pursuit of sound economic policies and add further pressure to the already limited domestic resources.

Although developing countries and transition economies pursue liberalization of their economies, the multilateral trading system is not doing enough to facilitate their trade. As for landlocked developing countries, we believe it is important to focus on development of the physical infrastructure in these countries and formulate a concrete international action strategy. In this context it should be noted that there are grounds to address the problems of landlocked developing countries at the new development round of negotiations that is to start soon, in line with Doha Ministerial Declaration. We express the hope that the forthcoming international conference on transit transport cooperation, to be held in 2003, would mark an important step in this respect.

Mongolia believes that the decisions taken in recent days by the European Union, the United States and some other developed partners could play an important role in promoting poverty reduction and further strengthening democracy, human rights and

free enterprise. That is why Mongolia welcomes these decisions. At the same time we believe that immediate implementation of these initiatives together with the commitments taken by the Monterrey Consensus would help improve the living standard of millions of the poor and fully achieve the noble goals of the Millennium Declaration.

Let us launch a genuine partnership for development here in Monterrey.

Myanmar

Statement by
His Excellency U Khin Maung Thein
Minister of Finance and Revenue, Union of Myanmar

It gives me great pleasure to have this opportunity to address the first ever International Conference on Financing for Development. I would like to express my deepest appreciation to the Government and the people of Mexico for the warm hospitality extended to the delegations and the excellent arrangements made for this occasion in this beautiful city. I would also like to thank the Organizing Committee for taking efforts to materialize this conference.

Although there have been recent indications that the global economy may be on the road to recovery after the events of September 11, it is evident that the situation remains delicate, particularly for the developing countries. This is also true in world finance. Therefore, the holding of the present Conference is both timely and appropriate. As a developing country, Myanmar could not entirely escape the impact of recent international economic and financial turmoil. However, we have undertaken a number of systematic measures to mitigate the negative influences.

I would now like to briefly touch on the economic performance of Myanmar. In recent years, Myanmar has been able to achieve progress and advancement in every sector and every region of the country. In order to attain our main objective of achieving a peaceful and developed nation, measures have been taken for economic development by formulating and implementing short-term plans.

The first four-year short-term plan spanned from 1992/93 to 1995/96 and the second five-year short-term plan was from 1996/97 to 2000/2001. During those periods we have been successful in

achieving substantial economic growth due to the ability to mobilize relatively high levels of investments for the Agriculture Sector, along with good weather conditions and thus we are able to increase the volume of exports of agricultural produce. A third five-year short-term plan, which runs from 2001-2002 to 2005-2006, is in the course of implementation. In the meantime, all necessary measures are being taken to improve the economy including permitting wider participation of the private sector in the productive sectors.

As Myanmar is an agro-based country, priority is being given for the improvement of the agricultural sector and at the same time the industrial sector is also being developed by establishing industrial zones in the States, Divisions and in major cities. Strong private participation has been encouraged in these (2) main sectors by giving incentives such as reductions and exemptions on taxes, easy access to low-cost borrowing from the banks, and also providing management and technical assistance by the Government. Also, I would like to mention that to keep abreast with Information Technologies in the region, an Information and Communication Technology Park has been established, and the private sector is participating actively in this area.

In Myanmar, even though investment and savings ratio to GDP is still low when compared to some countries in the region, there has been noticeable increase in investment and savings during the years 1989 to 2000/2001. In order to finance the development of our country we have been laying down sound macroeconomic policies to mobilize savings, attract foreign investment and also to utilize them effectively for the productive sectors. Myanmar will be striving harder for improvement in investment and savings so as to be able to catch up with its neighbouring countries.

May I take the opportunity to mention that although Myanmar has always met its obligations, international organizations have suspended their assistance to Myanmar over the past decade. Myanmar has not received any external financial assistance since 1988 and therefore the success that we have achieved up to the present has been gained with our own resources through our own efforts. In order to meet the required financial needs, we have allowed the private sector to have wider participation in the economy and, at the same time, we have been encouraging private financial institutions to extend loans and advances at concessional rates to the productive sectors to stim-

ulate the momentum of growth. We are determined to develop our country on a much larger scale and will take all necessary measures to achieve our goals.

It is noted that with only political consideration some developed countries have imposed various sanctions on developing countries, which have limited the much needed foreign private financial flows and investment to those countries. In order to have sustained economic growth in the developing countries as well as countries in transition, we are of the opinion that those sanctions should be lifted. Sanctions block productivity and therefore they do not benefit either the imposing countries or the imposed countries and they also have negative impacts on the countries that have economic relations with the imposed countries.

Myanmar is cooperating closely with other ASEAN member countries to facilitate smooth flow of trade and services. Agreements on avoidance of double taxation have been signed with several countries in order to benefit bilateral trade and investment. However, developing countries are facing the problem of various barriers and restrictions from some developed countries. I would like to urge the developed countries to open up their markets further for products from developing countries.

Official Development Assistance (ODA) constitutes a crucial important source of financing for the development of the economy as well as for alleviating poverty. I would therefore like to take this opportunity to encourage developed countries, which have pledged to contribute but which have not done so, to fulfil their obligations. In order to maintain debt sustainability, efforts should be continued to reduce the debt burden of the poor developing countries. We would also like to call for relief and cancellation of bilateral debts of developing countries so that their external debts can be contained at sustainable levels. Accelerating debt relief complemented by increased ODA would assist the developing countries in their quest for achieving sustained economic growth.

External private flows would also be of assistance in our efforts of building a peaceful, developed country. However, as capital flows carry risk, they need to be monitored carefully so as not to create difficulties for monetary policy management. In this rapidly globalized world where there are opportunities as well as challenges, it seems that only the developed countries are enjoying the benefits of globalization at the expense of developing countries. Therefore, Myanmar, which is also one of the developing countries, intends to strive further so as to reap benefits and opportunities that globalization offers for the development of its economy.

We are making efforts not only for the modernization and development of the future nation but also making sure that the basic needs of the people are met so that the new generation would be free from any hardship and troubles. I would like to add here that if there are no disturbances and obstacles, the pace of development of the nation will be quicker and so will the work to build a democratic nation. More disturbances and blockages will only mean that it will take longer to reach our objective of a strong and peaceful nation.

As Financing for Development would be meaningful and equally beneficial to all the countries only if and when the requirements of the developing countries are met, I would like to urge the developed countries to give due consideration to the needs to the developing countries.

Before concluding, I would like to once again thank the Organizing Committee and the people of this beautiful city of Monterrey for making all the necessary arrangements for this auspicious conference a success, as well as for the warm welcome extended to us since our arrival.

Namibia

Statement by
His Excellency Mr. Martin Andjaba
Ambassador and Permanent Representative to the
United Nations, Republic of Namibia

With accelerated globalization and the participation of diversified stakeholders in the international development arena, African countries have been striving to achieve sustainable development by strengthening ownership of their development and solidify partnership with the international community. We, therefore, believe that this International Conference on Financing for Development will strengthen our commitment to this course.

In Africa, and more specifically in Namibia, we are faced with the problems of low economic growth, high rate of unemployment, high level of poverty, and unequal distribution of income. The low economic growth rate stems from a narrow production base and a deliberate act by the previous political dispensation, which marginalized the majority of the population from fully participating in economic activities. This caused a huge skewed income distribution.

About 70 per cent of our population derives their livelihood from subsistence agriculture which heavily depends on erratic rainfall. Furthermore, the manufacturing base of our country is narrow and therefore unable to absorb the majority of the school leavers. The unemployment rate in Namibia is estimated at 34 per cent.

The foundation for mobilizing domestic financial resources hinges on sound macroeconomic policies and strategies that should expand economic activities and widen the resource base of our countries. Most African countries have adopted these policies in recognition of the private sector as the engine of growth and that the role of a government is to provide a conducive environment and legal framework in which the private sector can flourish. It is, therefore, our earnest conviction that enhanced efficacy, coherence and consistent macroeconomic policies are vital for mobilizing domestic resources, increasing productivity, reducing capital flight and inducing private sector initiative as well as attracting quality foreign direct investment and other private financial flows.

In Namibia, we have adopted a principle based on Peace, Security, Justice and Democracy. This principle constitutes a decisive condition without which no meaningful development can take place. The need for a sustainable, peaceful, and secure democracy under the environment of the rule of law is fundamental in realizing the country's human development goals and achieving international development goals contained in the Millennium Declaration.

In this regard, we have achieved some success in increasing access to and improving the quality of our education system, giving priority to women and children. We will continue to promote civil education for the prevention of infectious diseases, especially HIV/AIDS, which continue to decimate our productive citizens at an alarming rate.

We, therefore, strongly support that in order to compliment national efforts, there is need for the relevant international and regional institutions as well as appropriate institutions in source countries to increase their support for foreign investment in infrastructure development and other priority areas, including projects to bridge the digital divide, in developing countries. 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 to facilitate business contacts between enterprises of developed and developing countries.

The role of ODA to developing countries cannot be overemphasized. ODA has been used to develop human capital and to enhance the capacity for production and exports. In Namibia, we have developed medium-term to long-term plans and it is essential that ODA be channelled to compliment domestic resources in the implementation of these plans. To accomplish that, we endeavour to foster international partnership with donor countries to make resources available.

We support systematic issues as addressed in the Monterrey Consensus. Enhanced coherence with regard to good governance, consistency of international monetary, financial and trading systems will compliment national development efforts. The conditionalities of the financing and lending institutions have often impeded the effectiveness of the development assistance provided to developing countries. We need to remove these barriers to smoothen the flow of development assistance.

The reduction of poverty is central in our national development efforts; therefore we embrace the international efforts, which are underway to reform the international financial architecture based on greater transparency and effective participation or developing countries.

It is then important that debtor and creditor countries should be mutually responsible for preventing and resolving unsustainable debt situations, In this connection, we call for the urgent enhancement of the HIPC Initiative. This would release some of the domestically mobilized resources to be directed to development and help to alleviate poverty and other forms of social evils that continue to afflict our people. However, debt relief measures should not impose further burden on those countries affected. Some countries may have been forced to walk down an unsustainable debt path because of unforeseen and/or unavoidable circumstances such as natural catastrophes, conflicts and severe terms of trade shocks. It is in the interest of all nations that the World Bank and the IMF consider these situations in pursuing debt relief.

In conclusion, Mr. President, we call for broader and strengthened participation of developing countries in international economic decision-making and that developing countries will be assisted to build their capacity to participate effectively in multilateral fora.

Nauru

Statement by
Mr. Fredrick W. Pitcher
Chairman of the Delegation of the Republic of
Nauru*

I will begin simply by stating that my country, officially the world's smallest republic, attaches a great deal of significance to this conference and to the Financing for Development process in general, primarily because of the pivotal role it could play in facilitating the integration of small economies like my own into the world economy. It can do this not only by opening up financing opportunities for us where none existed before but also by supporting existing initiatives geared specifically towards our development.

In this respect, my delegation welcomes the reaffirmation at this conference of the Barbados Programme of Action for Sustainable Development of Small Island Developing States and also the call for the implementation of the commitments made in Doha to examine issues related to the trade of small economies.

We accept that domestic resources remain the primary source of financing for development. However, as well documented in the twenty-second United Nations special session on Small Island Developing States, structural frailties and institutional incapacity continue to constrain us, forcing continued reliance on official development assistance. The poverty of opportunity means that without the important function of donors and investors, small island developing States cannot presume a painless transition into the new global economy. Unfortunately, such patronage has become fewer and farther between.

* The text of this statement has been transcribed from audio recordings, as the original was not submitted to the Secretariat

Wealthy countries have to live up to their obligations and commitments, while economies that have outgrown their aid dependence should themselves begin contributing to the progress of others less well off. This latter point is important, because there were and are countries willing and able to do just that. Excellent examples include Japan, the Republic of Korea, Singapore and the Republic of China.

Aid was particularly critical to Taiwan** whose experience from its early years before it became the world's seventeenth largest economy has not been forgotten. Today, Taiwan contributes more than \$200 a year to the official-development-assistance pool. We should be encouraging such involvement, not politicizing it.

As the world economy continues to undergo rapid change, small-island economies are being forced to fundamentally change the way in which we view our economic relationship with the rest of the world. As global trade becomes increasingly integrated under the World Trade Organization (WTO) umbrella, small economies like Nauru face a number of daunting challenges, including dealing with the erosion of preferential market access for our very limited number of exports. This raises questions of whether we can afford the cost of joining the WTO and conversely whether we can afford not to and the difficulties in trying to diversify and develop niche markets in areas where we have comparative advantage, whatever those turn out to be. The challenges will not be easily overcome without significant structural change, and that much we acknowledge.

We also recognize that we need technical and financial assistance to help us make the difficult adjustments. But to be clear, we are not asking for charity. We are asking for help to help ourselves so that we might at least have a decent chance.

Some small economies have very little access to development assistance and have been forced to look at alternative means of generating income. Instead, the donor community has hog-tied those of us who look to generate such resources through offshore financial centres and other innovative schemes. Some of the world's smallest and least endowed economies, including Nauru, have been identified under the harmful-tax-practices initiative of the

Organization for Economic Cooperation and Development (OECD) and are being sanctioned by the financial action task force. We are doing our best to meet their ever-changing demands. But it is important, of course, that the OECD be committed to consultative and inclusive process that allows for a mutually accepted outcome and a level playing field for all. The OECD should therefore ensure that its own members follow the rule first. Indeed, this should apply to all conditions set by donors. Let them lead by example.

Finally, the initiatives announced by the United States and the European Union during the course of this conference are positive developments indeed. But the momentum generated here must be carried forward meaningfully. The World Summit on Sustainable Development will be the first test of our resolve to translate our commitments into reality. Let us not waste that opportunity.

Nepal

Statement by
His Excellency Dr. Ram Sharan Mahat
Minister for Finance, Kingdom of Nepal

We heartily congratulate you, Mr. President, for the outstanding leadership you have given to this conference and thank the government and people of Mexico for the reception and hospitality we have been accorded here. Secretary-General Mr. Kofi Annan deserves our appreciation for the admirable dynamism and insight that he has brought to this conference.

We have come to Monterrey with great hope. Though short of meeting our expectations, the draft Monterrey consensus does constitute a significant step forward in the continuum of our collective efforts to promote prosperity and peace. Particularly, it offers a useful framework for us to embark on new initiatives and to pursue new patterns of global partnerships for funding development and helping realize the Millennium Development Goals.

Today, democracy, freedoms and free markets have become the defining features and globalization the dominant theme for the world. However, they have not yet become irreversible. It is incumbent on leaders to bring statesmanship and commitment to make these values work for all through the emerging partnerships.

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Developing countries must own and lead coherent and consistent effort to raise more domestic resources, attract investments, foster trade, and improve governance. But they cannot do it alone. They require, from development partners, increased aid, debt relief, access to markets, support to improve their governance, and an equitable voice in global decisions that impact their destiny.

Nepal, as most other developing countries, has been doing all in its powers to reduce poverty and promote sustainable development through innovative means. The government is investing in people on priority basis by focusing public expenditure on education, health and drinking water as well as in infrastructure. It is also engaged in active and broad-based partnerships with the private sector, non-governmental organizations, community groups and ordinary men and women in a synergistic interface for comprehensive progress.

We need resources to implement quick-impact projects in rural areas where poverty is most acute. And we also require sustained and increased assistance to bridge our chronic resources gap to complement our development efforts and to strengthen democracy and foster a just society. We believe Nepal's generally satisfactory macroeconomic and human development performance in the last decade qualifies it for more aid and support on merit.

Rich nations can and must assist the poor to eradicate the worst forms of poverty, promote education, tackle HIV/AIDS, malaria and other diseases, and create physical infrastructure as well as to manage their conflicts, crimes and environment. Such help will add to the security and well-being of the rich and be a morally right thing to do in view of wide disparity in wealth and income. They should sincerely strive to meet the agreed development assistance targets. Some have done it and we salute them. We also welcome the fresh initiatives of the EU and USA to boost their aid budgets as a step in the right direction. We urge all development partners to show political will and resolve to make these targets a reality.

Low- and middle-income countries are reeling under an unsustainable debt burden. The HIPC initiative must be expanded to provide relief to all that are in dire need. Particularly, the poorest countries like Nepal should not be asked to wait for help until they stumble into bankruptcy. We, therefore, support proposals for debt cancellation of all least developed nations and for grant-funding of their social sectors in future.

Aid has helped in increasing literacy, eradicating some diseases and arresting others, and even reducing poverty in many countries, including Nepal. Small pockets of scepticism in the North should not get the better of progress that improved aid performance and debt relief can bring to the poor in the South.

Foreign direct investment throws a blank stare of loud neglect to poor, small and geographically handicapped states. Advanced countries will have to tear down their tariff and non-tariff barriers and open their markets to spur investment and spark innovation in developing nations. We must ensure that the Doha round accelerates development without distortions.

Least developed countries from Asia and Africa are facing the most precarious predicament. They need urgent help through the prompt implementation of the Brussels Programme of Action in its entirety. Their products must be given duty-free and quota-free access to all advanced markets and particular attention to build their capacities to trade. We seek early measures for market opening under the European Union's 'Anything-but-Arms' scheme and underline the necessity for other developed countries to take similar measures.

Nepal from its own painful experience knows that peace, democracy and development are inextricably linked and one cannot be secure without the other. We must all join forces to promote them together.

We share common humanity and common destiny in the global village. In the post-September 11 period, we have all become deeply conscious that conflicts and poverty, even far away from our homes, directly and seriously affect us. By working together, the world community is winning victory in the battle over terrorism. But terror and insecurity will not be defeated and lasting peace will not be won until we win the war against poverty. And at Monterrey we must declare that last war.

Netherlands

Statement by
Her Excellency Ms. Eveline Herfkens
Minister for Development Cooperation,
Kingdom of the Netherlands

As my written statement will be distributed, I just would like to highlight a few additional points. I think this was a wonderful week! Never before in one conference have we gathered so many stakeholders. Never before did we have such a very constructive interaction between the UN, the IFIs and the WTO. Never before did we discuss poverty in such a comprehensive and holistic way with the presence of ministers of Finance, Trade, Foreign Affairs and Development Cooperation, joined by the private sector, profit and non-profit. Never before was the plight of the poor so high on the international political agenda.

And indeed, in the spotlight of international public opinion, OECD countries made a start with living up to the commitment they made when signing the Millennium Declaration in 2000. Last weekend the EU collectively decided to increase its ODA, structurally linking it as a percentage to GNP. It will amount to some \$20 billion for the coming few years. This is big money, and therefore the glass is half full.

But it is small in terms of GNP percentage, and therefore the glass is also half empty. There is a real and urgent need now for all OECD countries to commit themselves to live up to the 0.7 objective, and fast. Only then do we fulfil our side of the Monterrey Consensus to fund the achievement of the Millennium Development Goals.

I simply cannot accept that heads of State and Government would have signed up to halving the number of poor by 2015, but at the same time allow part of their cheque to still be in the mail at that time.

But there is good news. I see a new emerging 'Coalition of the Willing.' Yesterday five European Prime Ministers declared, "The rich can do better." Yes, five! For a quarter of a century, the small exclusive club of the G 0.7 consisted only of the four usual suspects: Norway, Sweden, Denmark and the Netherlands. Today I pay tribute to Luxembourg, which has joined the G 0.7. I also pay tribute to Ireland, which will reach the 0.7 in 2007. I also pay tribute to Belgium, which will join us in 2010. Among countries that have not yet announced a final date to reach the 0.7, there is good news too. France has announced that it will continue to stay above the ever-increasing EU average.

I pay tribute to some G-7 finance ministers, like Gordon Brown and Paul Martin, who have expressed very often their commitment to fighting global poverty. I would not be surprised to see them pulling their checkbooks the coming months.

What we definitely did in Monterrey is finally, after decades, a reversal of the vicious downward spiral of ever-dwindling ODA into a virtuous upward spiral. Furthermore, I by now see an even wider group of donor countries signing onto the commitment not to allow that any low income country will fail to achieve the Millennium Development Goals because of lack of external funding.

What a fantastic challenge for these low-income countries! I urge you all to call our bluff. By implementing your part of the Monterrey Consensus, to develop and implement credible poverty reduction strategies, to improve your governance and to fund your part of the compact by increasing domestic savings and by making your expenditures more pro-poor.

Let me conclude. We will take our planes the coming hours. But let us keep up the Spirit of Monterrey. Let us commit ourselves, all of us, and in particular the UN system, the IFIs and civil society, to create effective mechanisms to monitor country-by-country, poor and rich, the extent to which we live up to the promises we made this week, promises we made in the absence of the most important stakeholders: the billions of poor women and men living in extreme poverty. After all, the only thing that matters, in our New Global Partnership to achieve the Millennium Development Goals, is not to let THEM down.

Statement Distributed by Her Excellency Ms. Eveline Herfkens

More than ever before there is recognition that harnessing development in poor countries is an essential condition for a peaceful and sustainable world. We need less poverty and more democracy.

In September 2000 the UN General Assembly adopted the Millennium Declaration. Through this declaration rich and poor countries have accepted a shared responsibility to realize the eight Millennium Development Goals. This is crucial in the fight against global poverty.

The joint goals and the specific targets that go along with them facilitate the monitoring of progress and obligate countries to live up to their promise to work towards these goals. The most

prominent among them must be realized in 2015: the reduction by half of extreme poverty. Now is the time to make good on those fine promises.

Much has changed for the good in the developing world over recent decades. Some countries have managed to break free from poverty and to achieve reasonable levels of development. Life expectancy in poor countries has risen by as much as 20 years over the past four decades. Infant mortality has fallen, and more children than ever go to school. More countries have democratically elected governments. And over the last 30 years, average per capita income in developing countries has more than doubled.

The Netherlands government considers Financing for Development a unique opportunity to take another big step forward in our common fight against poverty. Unique because:

- For the first time, we are taking an integrated, holistic look at all the components going into funding the development process. Aid and domestic savings, trade and investment, the level of aid and its effectiveness.
- For the first time, all parties involved are making a contribution. UN diplomats as well as the leaders of the Bretton Woods institutions and the WTO. Governments as well as private investors and NGOs. Foreign financiers as well as domestic investors and creditors.
- Since the terrorist attacks in the US, people all over the world have become even more aware of their interdependence. We cannot isolate ourselves and safeguard peace, democracy, stability and prosperity in our own enclave. We cannot ignore whole regions. A growing number of people now understand that we have to invest more in poverty reduction.
- Clearer than ever before, developing countries acknowledge their own responsibilities, that they cannot blame all their woes on evil outsiders or a hostile international climate.

Good policies and good governance, participatory and transparent decision-making and pro-poor choices – these are their responsibility. At the UN ECA Big Table meeting in Amsterdam in October 2001, the African finance ministers made this very clear. Good governance is not just our latest hobby horse. Africans themselves expect, yes require, it from their governments. It is one of the basic principles of African leaders' New Partnership for Africa's Development.

Effective poverty reduction means that we must be prepared to tackle the three main deficits in our system of global governance.

A coherence deficit

Our policies – national and global – should be coherent. We have to stop giving with one hand and taking with the other. If we underscore the importance of a sound enabling environment in developing countries, we should also enable these countries to export to our markets. The new WTO round should become a real development round contributing to the achievement of the MDGs. The Doha agenda is a positive first step but the proof of the pudding is in the eating. The wealthy nations still put roadblock after roadblock on the way to development. The clearest example is agriculture policy.

Coherent policy also means helping countries to build trade capacity as well as effectively managing and funding the remaining debt problems. Consideration at the level of the IMF Board of a bankruptcy procedure for debtor countries was a real breakthrough.

The lack of coherence between multilateral organizations is primarily due to incoherence and compartmentalization of our own governments in the national capitals. The health ministry deals with the WHO, the central bank with the IMF, the finance ministry with the multilateral banks, the trade ministry with the WTO and the social affairs ministry with the ILO. When two or more national actors disagree they simply export their conflicting points of view to the international level; the ILO, WHO and WTO headquarters in Geneva become the battlefield. The same goes for the IFIs (finance ministries) on the one hand and the UN (foreign affairs ministries) on the other. Ensuring coherent policies is a primary task of ministers for development cooperation.

Also (although things are moving in the right direction) the international organizations themselves have not yet fully integrated their own insights regarding poverty and poverty reduction in their actions. This applies in the first instance to the World Trade Organization (WTO). It should send a strong signal of its commitment to poverty eradication by endorsing the MDGs and acknowledging that trade is a means rather than an end in itself. The IMF has become more committed to poverty reduction in recent years. This is reflected in its endorsement of the MDGs and its close collaboration with the World

Bank on the PRSPs. Despite sometimes-excessive red tape within the UN institutions, their internecine squabbles about overlapping themes and their chronic shortage of funds, a number of them have made substantial progress with internal reform.

Attempts to pander to institutional egos undermine efficient poverty eradication. International institutions have to put an end to turf battles and mission creep in order to improve global governance.

A democratic deficit

The lack of democratic control and participation within the international financial organizations and the WTO is another major obstacle to pro-poor global governance. Parliamentarians should get engaged when governments formulate their input in international institutions including the World Bank, the IMF and the WTO. I warmly welcome recent initiatives of networks of Members of Parliament, evolving into interparliamentary assemblies dealing with IFIs and the WTO.

Where the private sector becomes more of an actor in global governance, it should recognize its 'democratic deficit' as well and improve accountability. NGOs, non-profit organizations, should not just claim to represent 'the poor', 'the women' or any other ill-defined group. They should acknowledge that they have a specific constituency, and be in constant dialogue with that constituency. For the profit-making private sector, their voluntary codes of conduct – although non-enforceable – might reduce the democratic deficit by improving reporting obligations on a company's track record. Both the OECD guidelines and the World Bank/UN initiatives on corporate governance could well serve as starting point for more elaborate and effective codes of conduct.

A compliance deficit

Many instruments can enhance the impact of development assistance and reduce its transaction cost: untied aid, policy coherence, harmonization of procedures, and a sharper focus on poor countries with sound economic and social policy and strong institutions. But donors will have to give the poor countries what they also need: cash. No low-income country with a credible poverty reduction strategy should fail because of lack of external funding.

To achieve the Millennium Development Goals development aid will at least have to increase by an estimated hundred per cent. That is, by fifty billion dollars a year. To bring about this increase, the best and most logical strategy is to comply with existing agreements.

All UN members, with the exception of the US, have accepted a long-established standard volume of ODA for donor countries: 0.7 per cent of GNP. In fact, the Netherlands, Sweden, Norway, Denmark and Luxembourg are the only OECD members that meet or exceed the ODA standard. Together they make up the G-0.7. This week we have seen a remarkable reverse after many years of shrinking ODA. A vicious circle down turned into a virtuous circle up.

Commitments made account for one third of the additional funding required for the MDGs. There is a growing coalition of the willing among OECD countries, which have committed that no country with a credible poverty reduction strategy would fail to implement it due to lack of external funding. This is a great opportunity for low-income countries to live up to their part of the Monterrey Consensus.

Developing countries themselves are responsible for the quality of their policies and the functioning of institutions. They will have to put their house in order; no one else can do it for them. An increasing number of developing countries acknowledge this responsibility. However, when developing countries have their internal affairs in order and have come up with a good national poverty reduction strategy, then adequate, untied and timely funding must be available to fund these strategies.

Now I call on the UN system, IFIs and civil society to closely monitor, country-by-country-by-country, progress in reaching the MDGs. And to live up to the promises made this week in the absence of the most important stakeholders who were not present: the billion people living in absolute poverty. After all, the only thing that matters in our new global partnership to reach the MDGs is not (again!) letting THEM down.

New Zealand

Statement by

His Excellency Hon. Matt Robson
Minister for Disarmament and Arms Control and
Associate Minister for Foreign Affairs and Trade
(Official Development Assistance), New Zealand

New Zealand welcomes the holding of the United Nations Conference on Financing for Development.

This landmark meeting has brought the international community together to examine in a truly cohesive way, how to better generate, mobilize and utilize resources for development. The Monterrey Consensus marks a milestone in development thinking, in that it recognizes and values the many different strands of development financing.

We need to pull all the right financing levers if we are to achieve effective development and move the world out of poverty.

We need to pull all the right policy levers if we are to address the root causes of terrorism, one of which is poverty.

In New Zealand I am both Minister for Disarmament and Minister responsible for International Development. One of my goals is to create a greater public awareness of the contribution aid can make towards regional security in our own area of the Pacific. The point is, aid and development policies cannot be seen in isolation. The international community must stop giving with one hand and taking with the other. If care is not taken, national trade, economic and defence policies can undermine our development efforts.

We need to ensure that there is coherence in policy development at all levels.

There is little point in building up, say trade capacity in developing countries, if donors maintain strict market access restrictions for products of key interest to those same developing countries. That is why the New Zealand Government decided in 2000 to remove all tariffs on goods from least developed countries. We see this as a practical step that developed nations can take to improve the livelihood of the world's poorest producers.

Fundamentally, coherence is all about ensuring that the left and right hands are in synch. In attempting to achieve a consensus, there have inevitably been matters left out, because it would still be impossible to get agreement on them.

I would have welcomed for example, reference in the Monterrey Consensus to the global imbalance between military and defence expenditure and expenditure on aid and development. And yet all of us here today know that reducing poverty is our best chance of reducing violence. Buying and supplying weapons of war is not.

We know this in our own region of the Pacific where we have seen coups in Fiji and Solomon Islands, brought about by the misuse of armaments in the hands of small groups of men behaving like bandits.

Like many others, New Zealand would have preferred to see the Monterrey Consensus include references to Global Public Goods. New Zealand supports the establishment of an international working group to develop an agreed working definition of GPGs and to identify their parameters. I hope that we will be able to address Global Public Goods at the World Summit on Sustainable Development in South Africa later this year.

The Monterrey Consensus is a wake up call to everyone in the development debate. Development financing issues are now firmly and very visibly on the international agenda. For our part, this visibility could not have come at a better time. We have just created a new aid agency in New Zealand – the New Zealand Agency for International Development or NZAID – while semi-autonomous within our Ministry of Foreign Affairs and Trade – will give primacy to development thinking and aid effectiveness. As a result it can focus primarily on poverty elimination and support for good governance, particularly in our own region of the Pacific.

Poverty is not merely the absence of an income adequate to meet the basic necessities of life. In the Pacific, it can mean poverty of opportunity – a lack of the essential elements that facilitate a normal existence. As the 2000 Report of the Commonwealth Secretariat/World Bank Task Force on Small States showed, small states – which dominate the Pacific – are systematically more vulnerable to poverty than larger countries, regardless of income. The report recognizes, however, the need for more work to be done on the ecological aspects of vulnerability, and its broader impact on sustainable development.

In these difficult times, the issue of partnership is key. The international donor community cannot simply walk away from helping countries where, because of conflict, poor governance and other problems, the cause seems hopeless. While the notion of working in partnership is not easy in situations where

the government is no longer functioning effectively, the donor community can and should seek to work through alternative delivery mechanisms.

We have a moral obligation to do so.

New Zealand has successfully worked with local civil society, community and church groups in Papua New Guinea, the Solomon Islands and Fiji in periods following conflict and political upheaval. Let us not forget the commitment within the Consensus document to promote greater participation by civil society groups in processes which concern them.

Follow-up is critical to the success of this Conference. Present and future generations will judge us on our actions not our words. The Consensus document before us challenges us all to do more – internationally and domestically – and to do it better.

New Zealand is committed to increasing its aid expenditure from the current level of 0.24 per cent of GNI to the 0.7 per cent target as revenue and resources allow. The challenge I face on my return, and I am know I am not alone in this room is to give substance to the commitments made here this week.

If we are serious about targeting poverty in developing countries, then we must:

- Open our markets to goods from developing countries;
- Provide suitable and timely technical assistance, as we agreed in the Doha Development Agenda;
- Dovetail governmental efforts with the private sector, acting as good corporate citizens;
- Help to build systems for good governance;
- Explore innovative sources of finance; and
- Continue our efforts to address Third World debt relief. New Zealand believes that continuing unsustainable levels of debt undermine developing countries' ability to meet the Millennium Development Goals.

Partnership implies mutual ownership and responsibility by both developing countries and donor countries. Some developing countries have to take a good hard look at their domestic policies and the functioning of their institutions, and set their house in order. For developed countries we need to do more than talk about coherence. We need to hold ourselves accountable for achieving it.

Just as we use an index to measure human development progress, perhaps we need a 'Policy Coherence Index' to make sure that we are not taking away with one hand, for example trade barriers or trade subsidies, what we give with the other through ODA. Then we will be able to say we have achieved real coherence and true partnership in the interests of achieving the Millennium Development Goals.

Pakistan

Statement by
His Excellency Mr. Shaukat Aziz
Finance Minister, Islamic Republic of Pakistan

At the outset I would like to convey to all the distinguished delegates the warm greetings and good wishes of President General Pervez Musharraf whose vision of a modern, dynamic and economically vibrant Pakistan will play its due role in creating a peaceful, stable and prosperous world – a world free from hunger, deprivation, and poverty. I would like to take this opportunity to express my appreciation to the Government of Mexico for their warm hospitality and making excellent arrangements for this Conference.

We have gathered here in Monterrey to initiate a process of genuine partnership between all stakeholders in pursuit of our shared goal of eradicating poverty, achieving sustained economic growth and building a fairer and more equitable global economic system.

The existence of widespread poverty in the midst of global prosperity is undeniably the most serious challenge confronting the world today. Regrettably, we have viewed poverty thus far, in the context of income poverty alone. We believe that poverty should be viewed in a holistic manner. Lack of education, basic health facilities, safe drinking water, sanitation, shelter, rule of law, access to justice, public representation and participation in addition to low income, give rise to the feelings of human deprivation, resulting in extreme behaviour which can threaten global peace and prosperity. The challenge before the world is, therefore, to fight human deprivation by taking a broad-based view of poverty.

Official Development Assistance (ODA) remains an essential supplement to domestic resource mobilization for low-income countries. The present level of ODA is lower than what is required to fight poverty and human deprivation. Furthermore, not

only have ODA flows declined over the years, the transaction costs of aid delivery have tended to rise inexorably, thereby eroding the effectiveness of aid. Should we allow the present state of affairs to continue? The answer, Mr. President, is certainly not. There is a clear need to increase the quantum, quality, and effectiveness of aid for eradicating poverty and human deprivation, achieving sustained economic growth and promoting sustainable development. Mr. President, we are already witnessing some positive developments. We welcome the initiatives of the European Union countries for agreeing to raise their ODA contribution to 0.7% of GNP in a phased manner. This is a major development, which should be welcomed by all the stakeholders. The recent announcement by the United States to increase their development assistance by 50 per cent is yet another significant development which will encourage other donors to follow suit. However, we believe that much more needs to be done to bridge the poverty gap which in many cases exists because of lack of adequate and timely flows of economic assistance. At the same time the effectiveness of aid should be measured by outcomes and not necessarily by the quantum of aid. We do recognize that ODA alone is not the only funding source available; equal importance needs to be given by the host countries by creating an enabling environment to promote private capital flows.

We believe aid should not be used as permanent crutch but as a means to allow the recipient countries to stand on their own feet. Raising the effectiveness of aid through creating a sound environment, an appropriate framework for investment, initiating structural reform, ensuring good governance, achieving high standards of transparency, eliminating corruption and involving civil society is the prime responsibility of developing countries. They should learn to walk on their own but need assistance to get there. Both donors and recipients need to share a common goal i.e. improving the lot of humanity and aid recipients should be driven by the motto "help us to help ourselves". Aid recipients and donors should be partners in development and the recipients should not be dependent on donors forever.

Debt relief is an integral part of a comprehensive concept of poverty reduction. It has a critical role to play in helping poor countries attain sustainable growth and development. While we welcome the significant progress achieved so far in implementing the Enhanced HIPC initiative, it is equally essential to evolve an effective mechanism for managing debt overhang of heavily indebted non-HIPC countries that

are willing to redirect savings on debt service payment for human development, improving social indicators and governance. Countries which are currently making efforts to reform their economies but are loaded with huge debt overhang need substantial debt relief to finance credible and home grown reform programmes. Meaningful and substantial debt relief will, therefore, go a long way in helping countries that are trying to help themselves.

Trade is an important source of growth, employment, and poverty reduction. It is also the single most important external source of financing development. Active promotion of trade in developing countries could boost economic growth, generate employment, and reduce poverty. Increased market access is an effective way for developing countries to reach sustainability. Developing countries need a level playing field with all other market players thus encouraging market based competition and helping producers and consumers alike. Every extra dollar of exports from a developing country feeds a poor family and builds a better future for them.

Fighting corruption at the global level is high on the agenda of the international community. In many countries higher incidence of poverty and poor governance is linked to high levels of corruption. The war against corruption needs to be globally coordinated and bad money should not find a safe haven anywhere. More concrete global action is needed to curb money-laundering, flight of capital, tax evasion and illegal payments by bidders on Government contracts.

We have embarked on a journey at the Millennium Summit to fight poverty and build a partnership for sustainable development. Shared goals and vision of a better future will get a further impetus as a result of the Monterrey Conference. We now need follow up and serious implementation on part of all the stakeholders. Pakistan has actively participated, through our Permanent Representative at the UN, as Co-Chair of the Preparatory Committee leading to the Monterrey Consensus. We remain committed to working with all those present here towards creating a world free of hunger, poverty, deprivation and inequity – a world which offers hope, and a world we will all be proud to bequeath to our future generations.

Paraguay

Statement by
His Excellency Mr. José Antonio Moreno Ruffinelli
Minister for Foreign Affairs, the Republic of
Paraguay

Allow me to express my delegation's pleasure at seeing you chair this important conference, and at the same time to extend a special thanks to the Government and People of Mexico, our hosts, for their traditional hospitality and the valuable efforts aimed at the success of this historic event.

The imminent adoption of the Monterrey Consensus by the delegations present here today expresses the political commitment for the formulation of a new agreed international strategy aimed at dealing with the complex problem that Financing for Development in all its aspects represents. The Monterrey Consensus is destined to become the essential instrument necessary to combat poverty and thus to allow our peoples to legitimately gain access to better standards of living, compatible with basic human dignity. For this reason, we must be conscious of the fact that this conference is only the beginning of a long trip that both developed and developing countries must travel together, in a spirit of solidarity. The consensus that we have achieved also constitutes the ethical and moral commitment to faithfully uphold and carry out new development strategies, being fully conscious of the danger that the constantly widening gap between rich and poor countries implies for international peace and security.

Violence in the form of terrorist acts can never, in any way, be justified as an acceptable means of demanding the closing of this gap. Therefore, Paraguay once again condemns this criminal conduct that is incompatible with humanity itself.

We should not allow this conference to limit itself to mere declarations and expressions of intent. We are here today to give light to a global vision that must contemplate, with the urgency that the matter requires, the generation of new measures and programmes capable of establishing a more just and equitable economic, financial and commercial global system. The inherent inequities and injustices of the current international order must be corrected, along with the outdated and ineffective formulas that have clearly not produced the desired results.

It is also essential to point out that the new vision of Financing for Development must recognize the existence of clear differences among developing countries in terms of their respective levels of development. It would be a serious mistake to presume that all developing countries have similar circumstances and needs. Some developing countries are more vulnerable than others, and due to particular and geographic factors find themselves at a greater disadvantage in terms of their capacities to benefit from globalization. We therefore demand special treatment for landlocked countries, as is the case of Paraguay. Strategies for financing development must contemplate the needs of all involved actors in fair measure.

We are well aware that the levels of Official Development Assistance (ODA) have fallen substantially in the last several years, and that they are at their lowest point in decades. Official Development Assistance is undoubtedly an important element of Financing for Development, and in this regard we are hopeful that starting with Monterrey, concrete commitments will be made to increase ODA. Having said this, it is essential to point out that ODA is not, nor should be, the panacea for the problems we are facing. The developing world cannot depend solely on ODA. Developing countries are fully aware that they must make the necessary internal effort to guarantee their own development and that ODA is necessary to complement this development. But this can only be possible when the involved actors find the necessary balance to share the inherent responsibilities of sustainable development.

Paraguay believes that all of the efforts that we can make in favour of development would be in vain if we do not give priority to establishing an equitable and non discriminatory global trading system that would allow developing countries access to international markets under open and transparent conditions.

For Paraguay, as well as many other countries, trade is the most viable and realistic means for economic growth and for creating investment, but at the same time the area that poses the greatest obstacles. If protectionist measures, especially agricultural subsidies and other non-tariff barriers, are not lifted, no effort to foment growth and reduce poverty will have the expected success.

The concept of a fair trading system has been enunciated in innumerable occasions and forums, and has been consecrated in the Millennium Declaration and in the Declaration of the Fourth WTO Ministerial Conference held in Doha. But it is worth

repeating until all involved actors implement it. The Doha process and the new round of WTO trade negotiations must be fully integrated into the Financing for Development agenda. Furthermore, the importance of regional and subregional integration agreements in development processes must be recognized, as is the Southern Common Market (MERCOSUR), which should be given all the necessary support.

Furthermore, we understand that development is conditioned on the preservation of our natural environment, a necessary element for a better global quality of life. For this reason, developed countries should give priority and importance to those projects destined to allow developing countries to reconvert part of their often heavy debt into environmental protection. This in turn will have a significant social impact.

Nor can we lose sight of the indispensable need for reforming the current international financial system, which in recent years has clearly demonstrated its insufficiencies and inherent risks, with devastating results. A new financial architecture is necessary to create stability and confidence at a global level. The achievement of this high objective, in concert with the establishment of a fair trading system, will not only create a world with more fairness and solidarity, but will also give way to an environment more conducive to private investment, another important instrument for financing development.

I cannot conclude this intervention without mentioning the importance of education in the development of our countries. Education is the most efficient instrument in the fight against poverty. We are therefore convinced that this significant social issue should receive priority attention from international financial institutions, as well as from more developed countries. Our children have the right to receive quality primary education as the first step towards improving educational systems, and therefore their quality of life.

We must depart from Monterrey to our respective capitals with a message of hope and confidence. Our peoples need this. A renewed spirit of solidarity must accompany this new global vision. We must overcome the disenchantment of recent times and be assured that the solution is within our reach, but only if we can guarantee the right conditions and reaffirm the right to development of all peoples.

Philippines

Statement by
His Excellency Mr. Teofisto Guingona, Jr.
Vice President and Minister for Foreign Affairs,
Republic of the Philippines

'The Challenge of Poverty'

Señor Presidente, La República de Filipinas le felicita sinceramente por su elección. Somos ciertos que bajo su liderazgo, nuestra conferencia gozará un estupendo éxito. A la vez, la delegación Filipina agradece al pueblo y gobierno Mexicano por la calurosa bienvenida y los preparativos excelentes para nuestra reunión.

Me quedo profundamente honrado por esta oportunidad de dirigir palabras, en nombre del gobierno Filipino, en esta conferencia, en la ciudad hermosísima de Monterrey, abrazada por las montañas y el ardor de su amable pueblo. Reconocemos la importancia de participar en el comienzo de un proceso muy importante para el desarrollo de nuestros pueblos.

I am a Filipino. I come from the Philippines in Southeast Asia. Our land is rich, but our people are poor.

Our advance to relative progress was disrupted by the global financial crisis in July 1997. More than 30 million have fallen below the threshold of poverty. Many of them live without adequate food, clothing, and shelter. Many cannot finish grade school, and many of those who graduate often cannot find jobs.

We have a new government dedicated to alleviating poverty. We are pledged to shape our policies in line with the historic Millennium Resolve of the United Nations to eradicate poverty by the year 2015.

We want development. We want technology in many vital sectors – in food, in medicine, in education. But it seems that technology is generated by rich nations and corporations to suit the demands of the market not the needs of the poor.

Multinationals invest in research. They come up with costly medicines. Their expenses are carried over to all products, making them more expensive. Cough medicines, antibiotics, pills for the heart, tuberculosis and immunization shots – are basic cures for the poor, which the poor want but cannot afford. Necessity compels them to borrow, in order to buy these medicines. In the process, the poor become poorer. And the development we desire is dampened.

We aim to modernize agriculture, especially because the bulk of our population still relies on rural enterprises. We want to empower our farmers – teach them how to raise high-value crops; how to increase yields through biotechnology. However, the Asian Development Bank reports that biotechnical research is done by a handful of multinationals that cater to problems of rich farmers and developed consumers.

For example, biotechnological research has come up with crop varieties resistant to insect pests. But to be effective, the farms need surrounding buffers requiring space to raise crops that are not pest resistant. Not cheap. Not feasible to our poor farmers.

We want technology transfers. We want to use the Internet as a vehicle to educate our teachers, our students, our entrepreneurs. But brand computers are still costly. Software remains expensive. Licenses for exclusive operations are still binding for 20 years.

The commitments made to promote technology transfer to developing countries seem paper promises thus far, often negated by profits. How then do we eradicate poverty, as envisioned by the United Nations Millennium Declaration?

We should seek a just and workable solution.

1. A developing nation like ours is not seeking a dole-out. We want technology because it is vital to lift us from poverty. We will implement policies to make technology transfer from rich nations more convenient. We will build roads, communication channels, infrastructure needed to support a computer I.T. industry.

Advanced countries concentrate on high technology. They design electronics, computer, and other operating systems. Then they locate the assembly and manufacturing plants in a developing country with skilled and cheaper labour. The Filipino is a fast learner. He is a good factory worker, and adept technician, and able computer operator. He has the potential to create new software; service likes data warehousing; backroom operations to animate cartoons and programmes; accounting systems for client firms abroad.

Thus, the transfer of technology and training to the Filipino may mean less expense for developed nations, but they mean a significant empowerment for us. They mean more jobs and more opportunities to lift people from the dregs of poverty.

Yet such progress may not suffice. Today, we do not have enough classrooms; we do not have

enough books; we do not have enough teachers. Help us to leap beyond this hurdle. Sell us computers that we can afford – even if they are second hand. Sell us pertinent software that we can adjust. Then we can turn this dream into reality: computers that compensate for classrooms: that can span distances and teach pupils vital subjects like mathematics and science; complement vocations with skills and education that will empower them to face life.

Today, our farmers face a bleak future. No money; no training; no real knowledge on how to break off from traditional products like rice and corn. They can hardly survive. Help us to overcome this barrier. We need computers and pertinent software for them. Give them a fighting chance to overcome. Then we can turn dream into reality. I envision farmers in tattered clothes, grouping together beneath trees in the Philippines, to watch lessons about a new product unfolding on a computer screen. The extension worker explains: chili. Asparagus. Other varieties instead of rice and corn. At cheaper cost! Generating more income! Competitive in the market!

Yes, even today, here are many coconut farmers who own two or three hectares of land. A few of them have had the courage to experiment on cash crops planted between trees and have been rewarded with success. They constitute the exception. But if we give them technology transfer on a massive scale, it will benefit them. It will benefit the consumers of developed nations. It will bridge the gap between the great divide.

2. On intellectual property rights, like patents for medicines, we ask that developed nations and multinationals consider different pricing for developing countries.

Many of the poor cannot afford them. The spectre of a sick boy dying in a hovel because he cannot buy needed antibiotics is real. Since the main cost of pharmaceuticals is in research, not in production, then perhaps rich nations and corporations can make necessary adjustments. The fear of distorted trade is understandable, with lower-priced products finding their way to rich consumers, thereby defeating the objective of alleviating poverty.

But if rich nations and corporations sell to us at affordable prices – without fixed costs involved in product development – the Philippines pledges to implement laws that would prevent the exportation of products, with technological subsidy, to other markets other than our own. Examples of these are modern medicines to cure diseases such as diabetes, heart and neurological problems. They will help save lives, diminish the scourge of poverty.

In 1997 the Philippines was on the way to progress. But in July of that year, a severe financial crisis struck us. Our foreign debt swelled. It now totals \$50 billion – depreciating the peso from P26 to P50 to the dollar; shrivelling incomes; causing the discontinuance of development projects, laying off people by companies.

Poverty has worsened. Before, the threshold of poverty affected only slightly over 30 per cent of the population. Today, forty per cent of Filipinos are poor. Our national debt service is heavy: about 250 billion Pesos – equivalent to US \$5 billion – a year. We have imposed austerity measures. However, we maintain good relations with our creditors. We pay our debts; no defaults; no delays; no write-offs.

In the wake of continuing crisis – we suggest to our valued creditors: give us a rational swap – debt-for-technology transfer.

Instead of servicing the debts for the year, allow us to utilize the equivalent fund for technology transfer, for education, for social services. Give us the means to modernize our agriculture; to buy seedlings and grandparent stocks for high-yield corn; to grow better hogs and chicken; to set up laboratories to meet our phytosanitary requirements; to initiate programmes like improved fisheries and low-cost housing.

Instead of paying 250 billion Pesos, or US \$5 billion, allow us to help our farmers and fishermen and small entrepreneurs give meaning to life.

For example, part of our debt-service payments to certain banks can be channelled for the purchase of satellites or telecommunications equipment or computers or computer software. In return, these creditor banks will be given the business of sourcing suppliers; handling importation, export credits, and the insurance of these purchases.

Creditors can also consider debt-for-shelter programmes. A portion of debt-service payments can be directed to housing. There are many technologies for pre-fabricated materials – from the US, Europe, Japan, Canada. Some of plants can be brought to the Philippines. With proper adjustments, they could produce affordable housing units – in a matter of days or weeks.

In turn, creditor banks can be given the first opportunity to source the suppliers; to get the business for the housing materials, the supplies, the insurance, the freight, etc. If the banks are interested, they can have the right of first refusal to finance the purchase of these houses by the buyers. The risks can be minimized through guarantees from our housing guarantee corporation or take-outs from pension and housing loan (PAGIBIG) funds.

More importantly, debt service can be ploughed back to agricultural research, to increase production. Private companies can be given incentives or start-up funds to develop high-yielding varieties, or new methods for growing fruits for export, or new, more efficient processes for extracting more by-products from coconut.

Today, I stand and plead for your support. When you transfer technology to us, you empower us. When you sell pharmaceuticals at affordable prices, you alleviate pain and save lives. When you swap debt for socialized housing and modernized agriculture and fisheries, you open the windows of opportunity.

And when you implement the 20/20 arrangements agreed upon in Copenhagen in 1995 and the official development aid of 0.7% of GNP for developing nations agreed upon in Rio de Janeiro in 1992, you truly help the people in developing countries.

Mr. President, honoured colleagues, our people are poor not because they are destined to be poor, but because of deprived opportunities. We decry the plight of millions who cannot find jobs, the hundreds of thousands of tattered children who cannot finish school, the scores of farmers and fishermen who cannot make both ends meet. But open the windows of technology, and they will respond. Empower them with the means to improve their skills and they will use that power to grow new seeds and generate new jobs. Give us the instruments, and we lift from poverty more than thirty million people.

Just as a house divided cannot stand, so will a world divided break. Yet if we follow the mandate of the United Nations Millennium Resolution to eradicate poverty by 2015, we preserve the progress of the rich even as we elevate the poor – and prevent the tragedies that even now are tearing peoples and nations apart.

Give us those opportunities. Empower farmers. Educate our young. In turn, we pledge you – we will overcome!

Poland

Statement by
His Excellency Prof. Marek Belka
Deputy Prime Minister and Minister of Finance,
Republic of Poland

At the outset let me express our gratitude to all those whose efforts made this conference possible, most particularly to the host country and people of Mexico, the State of Nuevo León and through you, Mr. President, to the City of Monterrey.

The Polish delegation wishes also to express gratitude to all those who contributed to the elaboration of the 'Monterrey Consensus'. It represents a proper balance between the needs and capacities of the UN family and provides a good basis for strengthened cooperation among developing, transition economy and developed countries aimed at stimulating sustained growth and improving living conditions of the poorest member states.

We share the views reflected in the report, including the substantive analysis it offers on regional initiatives. We also support reforms needed to foster further cooperation between the UN, the WTO and the Bretton Woods institutions that could provide for better governance of globalization for the benefit of all countries, those least developed in particular.

Globalization has made individual national economies much more dependent on the external environment. A key policy challenge is how to benefit from increased openness while at the same time reducing and better controlling the risks, including vulnerability to financial crises and backlash of nationalist and isolationist sentiments.

In his message to the Ministerial Conference of the WTO in Doha, last November, Secretary-General Kofi Annan pointed out that: (I quote) "After the tragic events of 11 September, the world faces two possible futures: a mutually destructive clash of so called civilizations turning in upon themselves, or a global economy rooted in universal values. The latter must be our choice but it can only be achieved if the global market is genuinely open to all, and offers real hope to those currently trapped in poverty" (unquote). We fully share this view.

The Government of Poland and its Prime Minister L. Miller consider the cooperation with the developing countries as one of top priorities of our external policy. Development cooperation is becoming an integral part of the Polish foreign policy. Active participation in efforts to resolve the financing for development is our moral and political obligation, especially to the inhabitants of the poorest countries, as well as those who are victims of conflicts and natural disasters.

For many years, Poland received foreign assistance. In fact we are still a net recipient. However, the situation is gradually changing. In the early 1990's, we were helped by the international community (mainly through debt reduction and technical assistance). We think that we have managed to use this opportunity properly, and now we start paying back. This fortunate sequence would not be possible without strong domestic efforts, sometimes causing social tensions and requiring a lot of determination and courage.

Economic reforms in Poland consisted in building up the institutional and legal framework of a market economy, including privatization, liberalization and industrial restructuring. They resulted in macro-economic stabilization. Transformation proved to be a general success. Poland regained its creditworthiness and started attracting significant volumes of foreign direct investment.

Poland successfully continues economic reforms. In 1996 we joined the OECD. At present we are finalizing negotiations on accession to the EU. Looking back at our own experience, we conclude that for a country to efficiently absorb foreign assistance it is necessary to enforce good governance, founded on sound legal and institutional basis, to ensure political stability and a possibly broad social consensus behind the goals pursued by the country.

Although Poland is currently experiencing a temporary slowdown in the economy, we intend to increase our economic assistance for developing countries. Poland has been involved in programmes of international assistance for developing countries for many years, both in bilateral aid as well as in multinational programmes. This aid was equal to US \$29 million in 1998, US \$37 million in 1999, and US \$40 million in 2000. Poland has put aside resources for this year in the form of highly preferential tied aid credits, equal to US \$245 million.

The success of this Conference and the coming Johannesburg summit will not be measured by the number of officials attending or by the quality of statements made. Its success or failure will become evident in the near future by assessing whether we have

succeeded in increasing the volume of assistance and the efficiency with which it is absorbed. So far we have managed to change our approach to the issue and take lessons from the sometimes frustrating experience of the past.

We know that we must take a holistic view – covering trade, debt relief, technical assistance, integrating private flows, but above all we know that we have to provide more. The discussions that we leading at this conference on who gives more, how much more should be given, in what forms and through which channels can only benefit our cause and bring us closer to the fulfillment of the Millennium Development Goals.

Another lesson we have learned is that globalization has its dark side. It could have been, in fact it was a fast track for development for some countries, but it also deepened disparities and produced frustrations, on the global scale. I deeply believe that our joint efforts, as reflected in the ‘Monterrey Consensus’, will show a better, more humane face of globalization. In fact, we learned something from the so-called antiglobalists.

I do hope that Monterrey soon gains a new splendid reputation as a city of the successful conference that helped to translate a good spirit – the Spirit of Monterrey – into action and real achievements.

Let us do everything within our possibilities to fulfil this vision in the coming years.

Portugal

Statement by

His Excellency Mr. Luís Marques Amado
Minister of State for Foreign Affairs and
Cooperation of the Portuguese Republic

I am deeply honoured to represent my country – Portugal – in this historic Summit in Monterrey.

My first word is one of gratitude to the United Nations, to the Government of Mexico, to all participating delegations and to those who have worked over the past few years towards this Summit.

From the beginning, Portugal has been deeply involved in the preparatory work. In particular at the level of the European Union, we have sought over the past few years to contribute towards strengthening the development policy as a whole. We believe

deeply that the dimension and nature of the challenges we face requires the concerted action of all of us, rather than isolated or individual initiatives. We are, therefore, proud of the commitments established at the recent European Council in Barcelona which was yesterday formerly announced to this Conference by the current President of the European Union, José Mariá Aznar, the President of Spain.

The Barcelona Commitment renews, for the European Union, the commitments that many member states had already made in the past in international fora. However, many countries, including my own, have unfortunately not been able to deliver on these commitments.

It has not been easy for many, including my own country, to take on higher budgetary commitments given the economic slowdown and public spending pressures. The Barcelona commitment, therefore, shows that there is now a new and deep understanding of the critical dimension of poverty and its impact on peace and stability. Nowadays, in Europe, as in much of the developed world, there is a clear recognition that our current levels of well-being are unsustainable side-by-side with current levels of poverty and misery.

The tragic events of September 11th have clearly shown that the marginalization of large regions of the globalized world condemns millions of human beings to extreme misery and produces political tension. Today, global injustices are feeding dangerous resentments that sooner or later we will have to face. In this context, the Monterrey Conference will certainly become the historical reference point in the process of reorganization of the international system required by the new conditions which result from the end of the Cold War and are imposed by globalization.

Under the heading of Financing for Development, what is at stake is a yet open-ended discussion concerning a new development agenda. This new agenda must respond to the challenges and goals of the Millennium Declaration. We must all commit ourselves to these goals.

The Millennium Development Goals have to be perceived in their political dimension. We all know that to achieve these goals, more resources from public and private sources are required. But above all, political willingness and determination at all levels, both in rich and poor countries, are also required.

This is the true challenge of a new partnership for development. The Monterrey Consensus and the undeniable success of this Conference have definitely brought development to the forefront of the international political agenda. I believe this new partnership could evolve around four main pillars.

- First, Political Responsibility. We must all be able to assume our responsibilities, at the international and national levels, both as developed and developing countries. This responsibility translates into the fulfillment of commitments and the respect for principles and values that underlie the new partnership.

- This takes me to the second pillar: Trust. There is no partnership that will ever survive a lack of trust, resentment and doubt between partners. We need to deepen and consolidate a new relationship of trust based upon clear principles of sovereign equality and respect. This new partnership must once and for all put to rest the colonial paradigm that still shapes our relationship. This new partnership should overcome the mistrust caused by continuous rhetoric without concrete action. The mistrust nurtured by corruption, violation of human rights, mismanagement, which unfortunately still prevail in some regions. The Monterrey Consensus and the commitments embedded therein are an excellent contribution for a new spirit of trust and confidence among all of us.

- The third pillar refers to Leadership. The Millennium Declaration sets political objectives that require strong political leadership at the national and international level. Here at Monterrey, development became the centre of the international agenda, contributing decisively to the mobilization of public opinion and political leaders. Recent decisions by the European Union and the United States are an important step in the right direction. A strong leadership of developing countries is also needed to set and implement the priorities and policies that are appropriate to each country. In this context, I would like to stress the high expectations that NEPAD has created as an expression of a new attitude and political will that is sweeping through Africa.

- Finally, the new partnership for peace and development must also include the strengthening and improvement of the development system. Here at Monterrey, many and constructive suggestions were made. We need a more democratic system where the voice of the poor is heard. We must ensure the complementarity of the institutions involved and their

effective coordination. We must seek the effective coordination of all partners. The system should be capable of promoting and creating greater coherence across the several dimensions of development.

Responsibility, Trust, Leadership and Organization are the four pillars of the new agenda and partnership for development. The Monterrey Conference is a decisive contribution to this process.

Qatar

Statement by
Mr. Abdullah bin Khalid Al-Attiyah
Governor, Central Bank of Qatar

It is my pleasure to express my deepest appreciation and sincere thanks to the Government of Mexico for hosting this Conference and the United Nations for organizing it in a very beautiful City. On behalf of His Highness Sheikh Hamad Bin Khalifa Al-Thani, the Amir of the State of Qatar, I wish all success to this conference, and I assure you of Qatar's full support and endorsement to this conference's noble mission.

We are here today to discuss ways to confront the challenges of financing development in the international arena. I hope that this meeting will be an effective step towards defining the future role of bilateral and multilateral finance and development as well as to increase cooperation and establish new partnerships between countries.

The terrorist attacks of September 11, 2001 markedly increased uncertainties about the course of the world economy. Even before these sad events, international economic conditions had already suffered from weakness spreading to nearly all regions and across the globe. These circumstances have undoubtedly made it necessary to review our policies and increase the level of participation and cooperation in the world economic decision-making for all members of the international community. The benefits of globalization should be shared fairly by nations of different stages of economic development.

All of us have a great role to play in supporting the international effort to ensure that the global systems of finance and trade fully support economic growth and social justice for all the people of the world. Qatar participates and interacts positively with the international community in the subject matter. It has committed itself from the very beginning to be a major partner among donor countries. Qatar is an active member in many economic, social, cooperative, development and agricultural organizations. Moreover, Qatar has established a development Fund to provide assistance to the needy countries, and its developmental assistance relative to its GDP is one of the highest in the world.

My Country enters the new century as a modern State where freedom of speech and expression are rights, and democratic principles are realities. Qatar is now chairing the Organization of the Islamic Conference. Recently, it has hosted two international meetings: the Summit in 2000 of the Organization of the Islamic Conference, and the Fourth Ministerial Conference of the World Trade Organization (WTO) in November 2001.

The two conferences stressed the importance of encouraging the dimension of development in all multilateral and bilateral trade and finance agreements. As you all know, the Fourth Ministerial Conference of WTO led to the 'Doha Deceleration' with a promise of a new 'Development Round' on trade negotiation. We call on this conference to encourage all member countries of the WTO to implement the commitments made in Doha. We also fully support the approach to speed up membership applications for the WTO from developing countries.

Serious attention should be paid to the continuous decline in official development assistance (ODA) to the less developed countries. Advanced and efficient economies are urged to increase their ODA and concessionality of development financing, including greater use of grants, to go side-by-side and be consistent with the current international development strategy.

We stress the importance of finding a durable solution to the problems of external indebtedness of the developing and least developed countries. Reducing or even cancelling some parts of the external debt due on poor countries would release some resources that can be directed towards financing urgent social and economic activities in these countries. Qatar has re-scheduled and cancelled parts of its debt due on some poor countries.

We call on the developing countries to adopt economic policies that enable them develop their economies and reduce poverty rates. In this regard, developed countries should offer full support to developing countries to diversify their production and export base. Foreign direct investment (FDI) is so essential in this matter. It's very needed to transfer know-how, management knowledge and investment to the developing countries. Well-off countries' markets should be opened to the products of the developing countries.

Moreover, we call on the international community to avoid adopting policies that negatively affect certain groups of countries or that target specific commodities, such as carbon tariff or tax. Innovative ways and mechanisms are needed to enable developing countries to benefit more efficiently from existing funds of the bilateral and multilateral financial institutions, provided that those do not unduly burden these countries, and be at the expense of other countries.

Last but not the least, immediate attention should go to strengthening and ensuring the meaningful and full participation of developing countries in the bilateral and multilateral regional and international financial and development institutions.

Republic of Korea

Statement by
His Excellency Mr. Jin Nyum
Deputy Prime Minister and Minister of Finance and
Economy, Republic of Korea

It is my great honour and pleasure to participate in this meeting. Let me start by thanking the Government of Mexico for hosting this conference and also to the Preparatory Committee for the Monterrey Consensus. I hope this consensus will build a coalition for effective financing of development throughout the world. And I believe that it will not be long before we can meet the key challenge facing the world today, namely overcoming poverty.

As my President, Kim Dae-Jung, noted in his speech at the Nobel Peace Prize Forum last year, "Poverty is the single most important factor behind rising tensions around the world. We, therefore, must strive to alleviate poverty and give hope for the betterment of human beings."

This morning I would like to make several remarks as to how we can help finance development and alleviate poverty based on Korea's experience over the past forty years.

Korea's experience

Korea transformed itself from one of the world's poorest countries forty years ago, into one on the threshold of becoming an advanced country. Looking back on our early development, three things stand out:

- First, a nation-wide consensus and a strong and effective political leadership, which helped to harness the energy of the Korean people to the goals of economic development.
- Second, as a country with limited resources and a small domestic market, Korea had to pursue open, outward-looking strategies. As the strategies were aiming at free trade and inducement of foreign capital, the government established a new institutional framework and adopted good governance.
- Third, Korea of course made its own effort to increase domestic savings in both the public and private sectors. It not only revamped tax administration but also provided incentives including higher interest rates on deposits. Then, we made many efforts to combine the mobilized domestic resources and foreign capital to be invested into the nation's strategic industries.

One of our key development strategies to this day is the industrialization policy through trade. Although this strategy is by far the best for a developing country, it also comes with some side effects, such as an urban-rural income gap. Korea encountered this problem in the 1970s. The government addressed this problem by launching the 'Saemaeul Movement', also known as the 'New Village Movement'.

Thanks to these policy measures, Korea achieved high growth of over 8% for over three decades. The World Bank assessed Korea as one of the best examples for developing countries since it achieved both high growth and equitable income distribution.

Since the financial crisis of 1997, however, Korea has had to deal with many new challenges. While undertaking massive restructuring, we were also faced with a surging need for a more comprehensive social safety net for the most vulnerable people in our society.

Now, the Korean economy is moving fast toward a knowledge-based economy. The government is responding to this new trend by expanding digital opportunities. Furthermore, we intensified our efforts to address the problems of the so-called Digital Divide by providing IT training and education to the general public, including housewives and residents of remote areas.

Policy remarks

With the Korean experience in mind, let me discuss now how the international community can help finance development and overcome poverty worldwide.

- First, we need to strengthen international cooperation to expand the flow of capital from developed to developing countries. Subject to each country's own efforts to help one self with good governance and sound policies, we need to provide substantial aid to meet basic human needs such as foods, health care, and basic education.
- Second, to meet financing needs for further industrialization, we need to facilitate the flow of private capital, including loans and foreign direct investment. In parallel, recipient countries should make their own efforts to attract foreign investment and improve business climate in general.
- Third, industrialized countries need to offer wider opportunities for trade by developing countries, because increased market access is essential for their sustained development.
- Fourth, industrialized countries also need to share their development experience, be it success or failure story, with other countries.

In this connection, the Korean government has initiated the Knowledge Partnership Project jointly run by the World Bank and Korea. More recently, as proposed by President Kim at the ASEAN+3 Summit last year, we launched the IT Capacity-Building Project for developing countries. To this end, my government has already committed funds of \$5 million to create IT training centres and expand IT networks in developing countries.

Before concluding, I would like to stress one point in particular: For effective development aid, it is the recipient country's efforts that matter. No country can possibly hope to develop unless it is willing to set its own developmental goals and prepared to use resources in a cost-effective and efficient way. Likewise, global community should endeavour to expand their support for these developing countries.

Only then, can we make full use of the spirit of global partnership. And, only then, will the promises of the Monterrey Consensus be realized in the near future.

Russian Federation

Statement by
His Excellency Mr. Sergei Kolotukhin
Deputy Minister of Finance of the Russian Federation

First of all I would like to thank UN Secretary-General Mr. Kofi Annan and the President of Mexico, Mr. Vicente Fox, for the excellent preparation and organization of such a representative forum designed to provide additional impetus to the efforts of the international community in the area of development financing aimed at poverty eradication. Against the background of impressive achievements in science and technology as well as the development of freedom and democracy – that are changing rapidly the face of the planet and providing unprecedented possibilities for accelerating growth and increasing the standards of living – the existing spread of poverty represents one of the major challenges to modern civilization. The solution of this problem within the framework set out in the Millennium Declaration by Heads of State will be a determining factor for creating a more secure, stable and fair world free from a terrorist threat.

In a globalized world it is impossible to solve the problem of poverty without joint efforts by all countries and international organizations, without enhanced cooperation between the UN, Bretton-Woods institutions and the WTO. Nor is it possible without full utilization of the private sector potential or without broad participation of civil society in setting development priorities. These are precisely the coherent efforts among all development partners which are called for in the outcome document of our Conference – the Monterrey Consensus – that we are adopting today. It is designed to create favourable external and domestic conditions for increasing the volume of resources allocated for development purposes and raising the effectiveness of their use.

There is no doubt that it is precisely the mobilization of domestic resources that should play a decisive role in financing for development, based on sound national economic policies and improved public

administration. Official development assistance should play a complementary role and be used most effectively to achieve national and international development goals. The soundness of this approach is also confirmed by the Russian experience of transition to a market economy. Without denying, in principle, the considerable potential and the catalytic role of foreign assistance, we nevertheless believe that it should not be a substitute for individual efforts of national governments to reform the economy and provide conditions for its sustainable development. At the same time, we consider that foreign assistance could play a key role in the poorest countries, especially those in crisis areas. It should be provided in a way that would contribute to stabilizing the situation and launching domestic growth mechanisms against the backdrop of financial stability.

In the era of globalization external conditions for the successful, self-sustained development of all countries are no less important. The role of international trade as one of the major development factors becomes much more pronounced. That is why it is particularly important to provide stable, predictable and non-discriminatory conditions for market access and to avoid resorting to protectionism that limits comparative advantages of exporters from developing countries and transition economies. According to some estimates, the removal of direct and indirect trade barriers could provide these countries with benefits many times bigger than the proposed increase of development assistance.

There is a need to further enhance the universality of the multilateral trade system by increasing the WTO membership. However, the accession requirements for new WTO members should not exceed the level of commitments undertaken by the existing ones. This is especially important for Russia which is now actively involved in negotiations on accession to the WTO as soon as possible.

Currently, global development is inconceivable without strengthening the stability of the international financial system. This involves intensified efforts to reduce its vulnerability and to forecast, prevent and resolve crises in an orderly manner.

The problem of foreign debt is a serious hurdle for development, especially for the poorest countries. We are actively participating in the HIPC Initiative and have written off more than \$25 billion of their debt even though our country has its own sizeable external debt and goes to great pains to service it in due course.

Our commitment to international development goals is being substantiated by Russia's solid practical contribution. It takes the form of our subsidies to poorer CIS countries along with the restructuring of their debt, participation in the HIPC Initiative, as well as in other international initiatives, such as combating HIV/AIDS and other infectious diseases, replenishing IDA resources, UN programmes and funds, providing humanitarian assistance, reconstructing Yugoslavia and Afghanistan. Russia has also removed custom duties on the majority of goods imported from least developed countries. With the strengthening of Russia's economic and financial capabilities our involvement in development assistance will increase.

Rwanda

Statement by
His Excellency Mr. Donald Kaberuka
Minister of Finance and Economic Planning,
the Rwandese Republic*

This Conference, culminating in what is now called the Monterrey Consensus, has provided us the opportunity to discuss comprehensively the issues of financing for development, the mobilization of resources required to deliver the needed historically rather high rates of growth in excess of seven per cent, which many of our countries will require in order to attain the Millennium Development Goals.

This Conference is a welcome departure from previous discussions on financing that have been piecemeal and issue-by-issue; sometimes they dissuaded us from focusing on the essential element, the overall financing problem. This Conference has provided us with the opportunity to pose these questions: Do we need more of the same? Is this business as usual or is it a paradigm shift?

My delegation believes that we must draw lessons from the last 30 to 40 years of grappling with issues of development and poverty. We must look at the failures, the frustrations and, yes indeed, the occasional victories and successes. Discussions about new types of partnership are needed. An examination of delivery mechanisms is as much needed as is the overall resources level, which has been the major focus this week.

* The text of this statement has been transcribed from audio recordings, as the original was not submitted to the Secretariat.

We are encouraged by what we have heard this week. By this, I mean the increased pledges of resources and renewed commitments to make aid more effective. Aid does work, but it is only a small part of what is needed to attain the Millennium Goals. Even if additional resources are raised, this on its own will not be sufficient, unless the lessons of the past are taken into account. Aid effectiveness in the past has been diluted by a number of factors. Among these are paternalism and emasculation of the involvement of recipient countries via a complex system of conditionalities that have undermined ownership of the development agenda in our countries, inconsistencies in policies of donor countries, such as giving aid to promote exports, while at the same time limiting market access, and tying aid, thereby reducing its allocative efficiency. Also, bureaucratic forms of aid administration have strained the capacities of recipient countries, making the fact of receiving aid a very onerous process in itself.

Thus, an interaction of three factors has been decisive in reducing the effectiveness of aid. The first of these is an external aid-determined agenda which has driven aid programmes. The second, at least some of the time, is a set of non-conductive policies – political, economic and environmental – that have undermined the efficient use of all resources, be they local or external. Thirdly, by not looking at ODA as a component of a greater resource problem, encompassing ODA itself, market access, domestic resource mobilization and investment, both local and external, we have concentrated on simply a small part of the picture, thereby not adequately addressing the other components of the resource problem to synergize the aid resources.

Aid is very important for many of our countries, but there is not one country in the world that has eliminated poverty through aid alone. Countries have diminished poverty by fully participating in world trade and investment. Aid has played a catalytic, although not decisive, role. It is evidently clear that, for many developing countries present here today, including Rwanda, significant aid resources will continue to be needed. We, along with other developing countries, are prepared to play our part in ensuring that aid is used effectively to enable us to 'grow out of aid'. Nonetheless, our voice in the international economic decision-making process must be heard. Too often we, the principal stakeholders, have not been adequately listened to. I hope that Monterrey begins to change this situation.

As the President of the World Bank reminded us this morning, fighting poverty is a long-term challenge. There is no magic solution, but there are many levers within our grasp in this task. A new compact between poor and wealthy countries is needed. That said, provided the conditions are right, the international community will provide the resources in a flexible, predictable mechanism for this long-term challenge. We are not looking for short-term fixes based on the facts of the day; we are looking for long-term commitment and long-term partnership. It is not the North versus the South; it is all of us together.

Such a compact is articulated in The New Partnership for Africa's Development (NEPAD). My country is fully committed to this exciting, home-grown African initiative. We Africans are prepared to take charge of our future. This includes reduced costs and minimized risks of doing business in Africa, for both Africans and foreign investors. We are aware of the challenges. For one, even if reality changes on the ground, negative perceptions about our continent will remain hard to dispel. Resources, both local and foreign, will remain limited. Therefore, we will look towards partnership based on two principles. The first principle is that developing countries of Africa should take charge of their future. Secondly, the international community should provide environmental support in the form of additional resources and market access.

Provided we are connected in this system of mutual accountability, Millennium Goals can be met. They can be met if conditionalities are replaced by ownership, if inconsistency in policies are removed both in donor and recipient countries, if the costs of giving and receiving aid are reduced and if the voices of poor countries are effectively taken into account in international forums.

We are encouraged by what has transpired this week. We find the Monterrey Consensus a major advance. It falls short in some of the areas to which I have just alluded; nonetheless, if we manage to turn this Consensus into an operational plan on which basis all of us can measure progress, Monterrey will go down as the beginning of this task towards the Millennium Development Goals.

My country stands ready, along with other nations here, to play its part.

Saint Lucia

Statement by
His Excellency Rt. Hon. Julian Hunte
Minister for External Affairs, International Trade and Civil Aviation, Saint Lucia

Saint Lucia gladly adds its voice to the rising chorus of commendation that has greeted your election to preside over this important Conference. We are confident that you will shepherd this gathering through the thrust and parry of debate to a fountain of rich and lasting conclusions that will redound to the benefit of present and future generations.

Saint Lucia has been resolute in its call for this Conference. Consequently, it is with a supreme sense of pride and satisfaction that its delegation takes its place among the family of nations at this historic event. Saint Lucia's full and open support for this Conference has been driven by a deep and abiding concern about the way in which the global economy has been evolving over the past two decades in particular, and its effect on the poorer and more vulnerable states.

The call for an inclusive and equitable global economic system:

Mr. President, Saint Lucia has come to this scenic and hospitable city of Monterrey not to beg for international financial assistance, but rather to call for a comprehensive and dispassionate assessment of the structure and functioning of the global economy against the often repeated aims expressed in numerous UN Declarations – that of creating a secure, peaceful and prosperous world.

The decision to convene this Conference was driven by the recognition that the continuation of a 'business-as-usual' approach will not allow a fully inclusive and equitable global economic system to evolve. This Conference will have failed if it does not result in the establishment of the requisite policies and strategies that can allow all the world's peoples to lead peaceful, prosperous and productive lives.

Saint Lucia subscribes fully to the principle expressed in the Monterrey Consensus, that each country must accept full responsibility for its own social and economic development. However, our experience since attaining nationhood 23 years ago has clearly shown that sustainable development at the national level is not achievable within a global economic system that relies exclusively on the market as the alpha and omega of social and economic progress.

Saint Lucia has been pursuing many of the actions recommended in the Monterrey Consensus. A number of coherent strategies are being implemented in a number of policy areas, aimed at stabilizing its economy, diversifying production, increasing productivity and boosting domestic and foreign investment levels. This is being attempted within the context of an open, democratic and accountable system of governance based on respect for human rights and the rule of law and is supported by a participatory decision-making process, involving civil society and the private sector.

Recognition of the Special Circumstances of Small States:

But, Mr. President, it has become patently clear that these efforts are being stymied by a range of domestic and international factors over which Saint Lucia has little or no control.

For example, just what can a government do to energise its private sector in the context of a population of less than 150, 000 persons, nearly half of whom are under the age of 15 years? How can a micro-state successfully overcome the limitations on the range of activities, skills, and institutional capacities that are presented by a population of this size? How does it deal with the relatively high transaction costs and the high per capita cost of infrastructure associated with the absence-of-scale economies? Indeed, our efforts at creating scale economies within the banana industry, have served only to further restrict product range and increase vulnerability to earnings fluctuations linked to adverse price movements or natural disasters. Given these circumstances, how can a small state accumulate the requisite domestic funding for large domestic projects? And how does such a state address the high-income volatility arising out of commodity price fluctuations caused by external demand and supply developments, caused by adverse domestic events such as natural disasters?

These questions have dominated the policy dialogue in Saint Lucia's ever since it attained its Independence. They are raised here to indicate that there are certain conditions – especially those that are related to small size – that are not treatable by market-based prescriptions.

Saint Lucia recognizes that the process of economic transformation even in large countries, is never smooth. However, the point needs to be made that in small states economic transformation is particularly difficult. For example, Saint Lucia does not have the ability to deal with income volatility arising from

production-related causes by 'hedging' in international financial markets. However, Saint Lucia is continuously seeking to transform its economic and social systems, by utilizing earned, borrowed and grant resources to finance that transformation. While in 'good' times efforts have been directed at accelerating the pace of transformation; in 'bad' times such as those that now prevail, poor credit risk becomes a significant issue.

Challenges to National and Regional Efforts at Sustainable Development:

It must be noted that despite these difficulties, Saint Lucia and other Small Island Developing States in the Caribbean are not giving up on the fight. The search for solutions is a constant preoccupation. An example of the regions' resolve can be found in the decision to set up the Caribbean Community Single Market and Economy. While theoretically, this initiative seeks to provide the region's private sector with a market of 6 million people, the fact that this market is spread across 15 countries, means that high transportation and communication costs will severely limit the benefits to be gained from such an initiative. But the greatest challenge to the CARICOM Single Market and Economy initiative comes not from within but from without.

The Monterrey Consensus reminds us that globalization offers opportunities and challenges. But thus far, our energies have been consumed mainly by the challenges of globalization. The fact of the matter is that, in its present form, globalization is neither inclusive nor equitable. This is evident in its devastating impact on the organization of production and on the arrangements for factor movements, trade, investment and financial flows in Caribbean SIDS. Already, the liberalization process that drives globalization has significantly reduced the preferential and secure market access on which small states in the Caribbean depended to maintain incomes and employment. Further, we have to contend with increasing competition for domestic and foreign investment and human capital. In the recent past, the region has been struggling to adjust to a rapidly depleting pool of skilled labour caused by the loss of hundreds of its teachers and nurses, who have been lured away by the purchasing might of powerful nations, with whom the region simply cannot compete. And so, the region is left to struggle to avoid any slippage in the quality of its health and education services, while it seeks to mobilize the necessary capital to replace those skilled personnel.

The lowering of trade and tariff barriers, and the increased mobility of capital investment, have increased the level of competition faced by domestic producers in small states, without providing for the absorption and utilization of production factors displaced by such competition. It is one thing to have a more efficient global allocation of resources; it is another when this leaves pools of unutilized resources and reduced income flows in a particular national jurisdiction, with the associated social and political consequences.

These are among some of the reasons why Saint Lucia wholeheartedly supports the call made in the Monterrey Consensus for "...a holistic approach to the interconnected national, international and systemic changes for financing sustainable, gender-sensitive and people-centred development, in all parts of the globe."

The Case for Special and Differential Treatment:

This Conference will have failed, if the many acknowledgments contained in the Monterrey Consensus regarding the special circumstances of small island developing states. Small states need to be assisted to meet the relatively higher adjustment costs that are associated with the negative, short-run outcomes that attend trade liberalization such as a reduction in employment and output, and macroeconomic instability linked with balance of payment difficulties or reduction in government revenue.

Saint Lucia also welcomes the recognition contained in the Consensus as well as in the Millennium Declaration regarding the importance of SIDS being assisted to supply the requisite vocational, technical and management training and educational opportunities needed to adapt to a knowledge-based, global economy.

Saint Lucia would also welcome undertakings that would permit SIDS to undertake international commitments and concessions that are consistent with their adjustment capacity, development, financial and trade needs and their administrative and institutional capabilities. Saint Lucia supports the call for increased levels of official development assistance to help SIDS having the requisite policies in place for such assistance to be effective. Assistance with risk-pooling arrangements is also needed to complement improved disaster mitigation and prevention measures which can reduce the costs of disasters when they occur.

The Call for a Transparent, and Inclusive Global Governance:

Saint Lucia agrees that the growing integration and interdependence of national economies make it imperative that collective and coherent action is needed in each interrelated area, involving stakeholders in an active partnership.

For its part, Saint Lucia has long recognized that there must be joint ownership of the process of change and that it is in the national interest for there to be the widest possible participation in such discourse. Government has encouraged consultations on financial management reform, private sector development, health sector reform, public sector reform, education and culture.

Recently, the Government decided to consolidate its practice of dialogue and effective consultation among the social partners, on fundamental issues of economic, social and environmental policy. To this end, a National Economic and Social Council has been established to serve as a forum for informed discussion among the social partners with the aim of identifying key development challenges facing Saint Lucia in the short, medium and long-term and recommending realistic and cost-effective measures that can assist Saint Lucia to respond successfully to these challenges. The Council is also seen as contributing to the emergence of a shared vision of transformation of Saint Lucia's economy and society over the next two decades.

Similar initiatives are also being pursued at the regional level within the context of the institutional arrangements of the Organization of Eastern Caribbean States (OECS) and the Caribbean Community (CARICOM).

Saint Lucia would wish to see similar arrangements established at the international level especially among multinational organizations, such as the World Trade Organization, the World Bank and the United Nations. Saint Lucia believes that such arrangements are critical to achieving coherence and consistency in the policy decisions that emerge from these organizations. To this end, Saint Lucia recommends the establishment of a permanent Inter-Organizational Coordinating Committee, under the chairmanship of the Secretary General of the UN. Saint Lucia also calls for the reinstatement of the UN Transnational Corporation Unit to oversee the activities of TNCs.

Saint Lucia reiterates its deep concern over the attempts being made by certain groups, to usurp the sovereign rights of states to set their tax policies. Saint Lucia is of the view that bodies setting norms, codes and standards on other states should be required to ensure the full and effective participation of all states in their formulation.

Saint Lucia pledges to play a full and active role in the follow-up arrangements from this Conference. We are greatly encouraged by the resolve of the global community as, expressed in the Monterrey Consensus, to work assiduously towards the establishment of conditions that will bring about an equitable and inclusive global economy and society.

It is our hope that by the end of this Conference, it will have accepted that while market-oriented policies are a necessary precondition to achieving development, that the market cannot be relied upon as a means of distributing the gains from the global economy, neither can it be seen as being capable of correcting the systemic constraints posed by small size.

It is also our hope that all states will have recognized that the market is not perfect and that transparent mechanisms must be built into the global economic system to guard against market failure. While the rationale behind this system – that of making the global economy more efficient and increasing global welfare through the use of market forces, is often highlighted – the critical issue of the distribution of these welfare gains has not been addressed, neither are the consequences of market failure.

Samoa

Statement by
His Excellency Mr. Tuiloma Neroni Slade
Permanent Representative to the United Nations of
the Independent State of Samoa

I have the honour on behalf of my Government to extend warmest greetings and to express our appreciation for the excellent arrangements for this Conference. Let me also say that as a developing country, Samoa fully supports the statement delivered by the distinguished representative of Venezuela as Chairman of the Group of 77 & China.

Samoa has been closely engaged in the process for financing development from the very start. We are deeply committed to it. Our commitment reflects our own resolve to do what we can, along with other nations, to reverse the alarming disparities of income and wealth and the human insecurities in our world today. The condition of 2.8 billion people existing in absolute poverty is simply unacceptable. It is not one we want to bequeath to future generations. Monterrey is the opportunity that needs to be seized.

The international community has set high global objectives in the Millennium Development Goals. The goals are not especially new. But they call for action and results, notably in fixing clear time-bound targets. There needs to be serious commitment to these goals, especially the noble pledge to halve extreme poverty by 2015. Failure in Monterrey will put in jeopardy universally agreed aims of the Millennium Summit.

This Conference is uniquely placed to bring about real and lasting change. We commenced with the huge advantage of an already approved Monterrey Consensus. Samoa was part of the consensus reached in New York and we, of course, give it our fullest support. Throughout this week we have had an extensive range of round tables and other discussions that will have enhanced understanding of the Monterrey Consensus and served to give direction to concrete action in its implementation.

The Monterrey Consensus draws attention, in at least six different paragraphs, to the predicament and precarious situation of small island developing states. Samoa, as I am sure all other small island countries do, identifies closely with these provisions. Small island developing States are located in all regions of the globe. Within the membership of the United Nations, they comprise some 28% of developing countries.

The risks associated with smallness and vulnerability renders countries such as mine largely unattractive for commercial and foreign direct investments. This underscores the critical importance of and need for ODA. Aid by itself is not sufficient. There are acknowledged deficiencies in aid delivery and development policies; and overall coordination requires improvements. These are problems that need to be addressed, not reason alone to turn off assistance. Samoa is committed to enhancing the scope and quality of aid, and will continue to institute policy and governance improvements in its own arrangements. We believe in linking aid to performance. Our own experience is that ODA works, and that it is indispensable.

Rightly, there has been an extensive dialogue on partnerships in financing development. Smallness does not offer many choices. But Samoa is deeply committed to developing what we have of our few natural resources, and our most precious – our own people. Government policies are in place to engage our small but growing and robust private sector and civil society, and substantial effort is being directed to harnessing the strengths of our traditional systems and communities. They are the vital ingredients in national well-being and stability and to sustainable development. Ultimately, it is Samoa's responsibility to itself.

More broadly, we would commend to the donor community partnerships on the basis of regional arrangements. They have significant prospect for outreach and cost-effectiveness, and are particularly suited to the conditions of small isolated island communities. There is considerable experience in my country, and in our region, of the demonstrated value of regional cooperative measures. Certainly there are imperfections that require attention. Overall, the full potential of partnerships on the basis of regional approaches should be further explored, both to ensure increased effectiveness, and to focus on major issues of health, education and the environment, as well as the larger issues not normally achievable under national budgets like research and development of renewable sources of energy.

We also believe that there is scope to exploit more fully the potential contribution of regional development banks. With their long engagement in the regions, they would be particularly well placed in catalyzing greater private flows, and in helping member States to acquire more sustained and less costly global markets.

The mid-ocean location of my country, as indeed of other small islands, means that we are at the frontline of major global environmental risks, ranging from sea-level rise and other consequences of climate change, to marine pollution, fisheries depletion and coral reef destruction. We face consequences not of our doing, and we lack the capacity to respond, or to adapt. We must therefore, continue to look to the Global Environment Facility (GEF), the only global financing mechanism of the Rio process, for assistance in our national and regional response efforts. We join the rest of the developing world in calling for the full and effective replenishment of the GEF before its second Assembly session this year.

We came to this land with hope, and with resolve to do what we can to give meaning to the Consensus document. We leave greatly heartened by what we have heard throughout this week, from all sides, from developed as from developing country, of the declared determination to give tangible form and reality to the Monterrey Consensus, and therefore to keep on track what we agreed at the Millennium Summit.

That we now have not simply declared intentions, but clear commitments in the form of new and significant initiatives is a source of great satisfaction. On behalf of my Government, I want to extend to the gathered political leadership our congratulations and appreciation.

Allow me, in particular, to thank and to pay tribute to His Excellency the President of the United States of America, and the member States of the European Union for their most timely initiatives, and for the global vision and leadership that these initiatives represent.

Saint Kitts and Nevis

Statement by
His Excellency Hon. Timothy Harris
Minister for Foreign Affairs, Saint Kitts and Nevis

St. Kitts and Nevis looks to the outcome of this Conference with great hope and anticipation. It is our desire that this Conference brings before the international community, the whole range of issues related to globalization and trade liberalization that threaten the very survival of small island states such as the member countries of the Organization of Eastern Caribbean States (OECS). We hope that the ventilation of these issues will spur international decision-makers to action, and will result in the transfer of resources between nations in a manner that would ensure that the fruits of globalization are equitably shared.

Of course, we are committed to the view that each country must play the lead role in mobilizing the resources necessary for its own development. Hence, the members of the OECS, including St. Kitts and Nevis, have been busy integrating and developing their capital markets as a means of enhancing domestic resource mobilization and attracting foreign capital. Indeed, over the years, we built a solid platform from which to launch our capital market development initia-

tive. In particular, our economic performance was characterized by impressive real economic growth rates, fiscal surpluses, low levels of inflation, a stable currency and the accumulation of healthy levels of external reserves.

However, in recent times, it has become increasingly evident that, in the global village that is emerging, external developments and actions assume even greater importance than domestic policies and decisions, in determining the economic performance of small island states. Specifically, the watering down of the preferences that our goods enjoy in international markets has devastated banana farmers and has brought our sugar industry to the brink of economic collapse.

We ventured into international financial services as a means of diversifying our economy and supplementing our income but the unilateral action of the OECD, through its harmful tax competition initiative, has stifled the growth of this sector, notwithstanding our recent removal from the OECD list of uncooperative nations. We have held dearly to the tourism sector that has delivered substantial foreign exchange earnings and numerous job opportunities, but within a month of the senseless and gruesome terrorist act on September 11, tourism earnings had declined by as much as 40% and we are still struggling to accelerate the recovery process. These problems have combined with a spate of natural disasters and a volcanic eruption in one of our member territories, to generate large fiscal deficits and push debt levels well beyond the targets that we had set ourselves.

There are many lessons that may be learnt from the experience of the Eastern Caribbean States. In the first place, globalization dramatically increases the risk to which the already vulnerable small island states are exposed. Indeed we are like small craft in a vast and turbulent ocean. Unfortunately though, in the sea of globalization there are no small-craft advisories. Moreover, the resources required to bolster our economies and mitigate the risk associated with globalization are well beyond the capability of our tiny fragile economies, especially during this period when we must restructure our economies and embark on a path of transition and reform. Our experience suggests that there is a strong case for the enhancement of the levels of development assistance to developing countries. We do not view development assistance as a 'hand out' but we view it as part of the cost of securing a peaceful, harmonious and stable world community to

the benefit of citizens of rich and poor countries alike. We therefore lend our fullest support to the call for a doubling of development assistance in a three-year period.

Secondly, the devices employed to assist small island states traverse the stormy waters of globalization must be pre-emptive rather than reactive. In particular, the member countries of the OECS need help now. We simply cannot afford to wait for an economic crisis or disaster before concerted action is taken. The rate at which we have been forced to accumulate debt suggests that the distinction between middle-income and low-income countries is artificial in the context of a fast paced global economy, and that even middle-income countries may be in need of substantial resource transfers to avert crises and economic malady.

We feel strongly that the international community must not only devote resources to the alleviation of the problems of HIPC countries, but must also do everything in its power to ensure that the list of HIPC countries is not expanded through the addition of other developing countries, including a number of countries that are now labeled as middle-income countries. In fact, in view of the high cost of crises and the risk of contamination in a global economy, we are convinced that multilateral financial institutions must reorient their operations to focus more on crisis prevention and less on crisis management.

Finally, Mr. Chairman, we believe that this Conference must initiate the process of putting in place mechanisms for equitably sharing the spoils of globalization. There is no doubt that globalization, by promoting the more efficient allocation and utilization of resources, will yield great benefits. However, what is at issue, and what is generating much fear among people all over the world is the question of "who wins and who loses". Unless we can construct devices that facilitate the transfer of resources through Official Development Assistance and other means, and assure our people that we will all be winners, the wheels of globalization may grind to a halt because of the fears and uncertainties of the people to whom we are ultimately responsible.

Saudi Arabia

Statement by
His Excellency Dr. Ibrahim Al-Assaf
Minister of Finance and National Economy,
Kingdom of Saudi Arabia

It is my privilege to address this international gathering on behalf of the Kingdom of Saudi Arabia. We welcome the long, intensive, and innovative process of consultation that has brought us to the current situation that had made that consensus possible. At the outset, we would like to state that the Kingdom of Saudi Arabia endorses the goals to eradicate poverty, achieve sustained economic growth, and promote sustainable development as we advance to a fully inclusive and equitable global economic system. Moving to achieve this worthy objective will indeed be the first step in a continuous but ambitious process aimed at ensuring that the 21st century genuinely becomes the century of development for all.

One of the most important principles that we should agree upon in order to have an efficient financing for development is to ensure country ownership of, and responsibility for, development and increase the collective and active participation of developing countries in international dialogues and decision-making processes. This in turn implies understanding of, and respect for, the diverse range of individual cultures, traditions, and paths to development in different regions and at different economic levels. In this context, the international donor community should be mindful that efforts to support countries to achieve the Millennium Development Goals should complement countries' broader development agendas rather than impose externally driven objectives. The international community should also avoid policies that unduly burden developing countries or target certain commodities, such as the Tobin and carbon taxes.

In this context, we do not see a need for the creation of new institutions and new financing mechanisms. What is needed in our view is to explore creatively how the existing institutions, including the Bretton Woods Institutions, can be used more effectively. This is something the respective international institutions themselves should take up for further examination.

One area, which de facto can contribute to sources of development financing, is a reduction of transaction costs. Efforts to harmonize donors' operational policies and procedures can in this regard lead to a substantial reduction in the cost of development

assistance and allow recipient countries with limited institutional capacity to better manage aid programmes. In this context, the success of the Coordinating Group, which was established by the Arab multilateral institutions, the Islamic Development Bank and the OPEC Fund, is worth noting. The Group has successfully developed voluntary common guidelines in areas ranging from project appraisal to project evaluation, supervision and monitoring. Positive lessons can indeed be drawn from this experience.

Peace and development are mutually reinforcing. Without peace, countries may find it impossible to develop and may in fact regress. Let me cite the example of Palestine. The escalation of violence, closure, destruction of properties and the extreme measures taken by the occupying forces have caused much pain and suffering to the Palestinians. Saudi Arabia spared no efforts to relieve their suffering. In this regard, I would like to refer to the recent proposals advanced by HRH Prince Abdallah bin Abdulaziz, the Crown Prince of Saudi Arabia, which have received tremendous positive reaction from the international community.

We agree that the bulk of development capital will continue to be domestically generated. To this end, prudent macroeconomic policies and strong institutions are needed to generate sustainable private-led growth and raise domestic savings. The above conditions will, of course, help attract foreign direct investment which complements domestic resources with associated benefits such as transfer of managerial and technical know-how and knowledge of external markets.

International trade as an engine for development is the single most important external source of development financing. Unfortunately, policies in the industrial countries, which erect trade barriers against the exports of developing countries, complemented by trade-distorting subsidies and other trade-distorting measures, have denied developing countries substantial financial resources. Subsidies and other support to agriculture alone have been estimated by the World Bank at well over \$300 billion annually, which is roughly six times all official development assistance. Thus, elimination of such subsidies enables countries with subsidies to free more resources for development assistance, and at the same time open markets for developing countries' exports, thereby financing development.

On the subject of increasing international financial and technical cooperation for development, it is a fact that, developed countries have been slipping even further back from the target of 0.7 per cent of

GNP as ODA to developing countries. The international community should double its efforts to achieve this target.

Allow me, Mr. President, to say a few words regarding the contributions that Saudi Arabia, itself a developing country, has made over the years to the financing of international development. Since the mid-seventies, Saudi Arabia's assistance developing countries, through bilateral and multilateral channels, amounted to more than \$75 billion. Total assistance represents nearly 4 per cent of Saudi Arabia's average annual GNP. Such assistance has been extended to 41 African, 23 Asian, and nine other developing countries, or 73 countries in all. Some \$7 billion alone has been contributed through our bilateral aid agency, the Saudi Fund for Development, which was founded in 1974. This has financed 370 development projects in 65 developing countries, including many of the poorer ones. It is worth mentioning that the Kingdom's assistance is untied, and with a significant grant element. In addition to the developmental role, the Kingdom's assistance has a humanitarian and relief dimension. This is to support for refugee shelters and to providing extensive physical relief and aid in famine and natural disaster situations.

Worthy of special mention is the support that Saudi Arabia, in addition to bilateral assistance, has extended to Arab, regional, and international development organizations by contributing to their capital and financing their development projects in order to advance social and economic development in developing countries. Total Saudi contributions to such institutions have exceeded \$21 billion. These organizations include, amongst others, the International Monetary Fund, the World Bank Group, the OPEC Fund, the Islamic Development Bank, the Arab Fund for Economic and Social Development, the Arab Monetary Fund, the Arab Bank for Economic Development in Africa, the African Development Bank, and the African Development Fund.

In the area of debt relief, Saudi Arabia has worked hard on the multilateral front through those institutions in which it is a major shareholder to advance the practical modalities of debt relief. The Kingdom has also contributed its full share to the HIPC Trust Fund at the IMF. On a bilateral basis, Saudi Arabia was a pioneer in debt relief when it wrote off \$6 billion of poor countries' debt.

On the topic of "addressing systemic issues: Enhancing the coherence and consistency of the international monetary, financial, and trading systems in support of development", the main points I wish to make here, are:

- First, the need to work with the existing institutions for promoting international development rather than to bring forth significant new proposals for institutional realignment.
- Second, there is a need to improve the collective role of developing countries in the process of economic decision-making, to enhance their participation in the formulation of financial standards and codes, and to broaden implementation on a voluntary basis, taking into account the varying conditions of individual countries.
- Third, there is a need to work further on international economic policy coordination. In this context I would note that the major developed countries have a special responsibility in adopting pro-growth policies that would revive the global economy.

It is worth noting here that oil-producing countries have continued to demonstrate their constructive role and cooperative spirit in meeting the challenges confronting the international energy world economy. It remains appropriate for the industrial countries to review their policies of taxing oil and oil-based products on efficiency grounds and as part of financing budgets. As a major oil-producer and exporter, Saudi Arabia believes that it is in the interests of both producers and consumers to cooperate to reduce instability and volatility in the oil markets. Our Crown Prince's proposal to establish a secretariat for the International Energy Forum and offer to host this secretariat in Riyadh, the Saudi Capital, is meant to serve this objective.

In conclusion, I would just like to underline the importance of all parties represented at the Conference "staying engaged" as the consensus document rightly puts it. This will indeed be an ongoing and hopefully unremitting effort. This will ensure that the results of this Conference are carried forward on a regular basis. As an immediate next step, I endorse the suggestion that the topic of Development Cooperation in the 21st Century should become a main item for discussion at the Spring Meeting of the Development Committee next month. Given that the International Development Association (IDA) has been and remains the core instrument of development assistance to the poorer countries, we hope that the negotiations for the 13th Replenishment will soon be concluded.

With a good spirit of cooperation and consensus, we can all indeed take the further steps needed to ensure that the 21st century becomes the Century of Development for All.

Sierra Leone

Statement by
Dr. Kadi Sesay
Minister of Development and Economic Planning,
the Republic of Sierra Leone

Let me extend greetings and felicitations from the President of the Republic of Sierra Leone, His Excellency Alhaji (Dr.) Ahmad Tejan Kabbah to all participants at this conference and also extend his apologies for his unavoidable absence at this conference due to urgent domestic issues. Let me also enjoin the other delegations to thank the President, Government and people of Mexico for the warm hospitality accorded the delegations since our arrival here in Monterrey. Also, I wish to express my gratitude to the organizers of the conference for such excellent conference facilities and arrangements.

Mr. Chairman, Sierra Leone views this conference as important and timely as it touches on issues that are fundamental to the global development agenda in general and to our specific developmental requirements as a post conflict country. Following a decade long civil conflict, our economy is in tatters and human capacity severely eroded. The costs of the war in terms of human lives, property and lost opportunities are enormous. On the human side, millions of our people remain either internally displaced or refugees in neighbouring countries, while tens of thousands have perished. The war also severely damaged the basic social and economic infrastructure. The economy, though, has remained relatively stable despite large fiscal and external account imbalances. In this respect, Sierra Leone, like other post-conflict countries, must be treated as a special case.

Despite these difficulties, our Government worked hard to secure peace, disarm and demobilize former combatants and re-establish control throughout the country. Thanks mainly to our friends in the international community, namely our friends in the Economic Community of West African States (ECOWAS), the United Nations, The United Kingdom, the United States of America and many other bilateral and multilateral organizations, the civil war in Sierra Leone is now over. I, therefore, wish to seize the opportunity provided by this meeting to publicly extend to all of you the gratitude of the President and people of Sierra Leone for your assistance and support in our time of dire need.

On the specific issues of this conference, we believe that a broader and regional economic integration and cooperation among nations is a better framework for promoting economic stability and development especially in the African region. In West Africa, ECOWAS remains our key instrument for sub-regional cooperation in harnessing our resources, both human and physical, to promote competitiveness. At the continental level, we support the New Partnership for Africa Development (NEPAD) that provides a long-term development vision for the continent. As you may know, the initiative focuses on key priority areas including promotion of peace, security and good governance; consolidation of democracy; the promotion of the role of women in all aspects of development; sound economic management and reduction of poverty. It, therefore, provides an important framework, through partnership and a shared vision, for meeting our development challenges, based on the principle of ownership of the development process by the people of Africa. More importantly, NEPAD seeks to promote shared objectives and mutual accountability towards agreed outcomes between Africans and their development partners. In Sierra Leone, we are developing our own long-term perspective vision that seeks to define development priorities from a careful analysis of the country's historical experiences, its natural and human resources and its cultural, regional and international context.

Financial Resource Mobilization

Mr. Chairman, as a country just emerging from war, we are aware that good governance and a strong economy are essential to support the process. We also recognize that mobilizing financial resources in a transparent manner is vital to the process of growth, development and poverty reduction. In this regard, maximizing resources obtained from existing sources of financing becomes critical. Hence, mobilizing domestic savings, both public and private, are essential to sustaining adequate levels of investment and increasing human capital. However, mobilizing such savings requires an environment that minimizes capital flight and increased productivity while creating an enabling environment to promote foreign investment. The low-income level in our countries is a deterrent to mobilizing sufficient savings to finance development.

The huge gap between the requisite financing necessary to foster development in line with the Millennium Development Goals and available domestic resources, brings to the fore the importance of external financing in the development process. For Sierra Leone, our huge rehabilitation and reconstruction needs and our weak financial systems would mean that in the short to medium term, focus would increasingly turn to external support to finance immediate development objectives. The negative effects of money laundering do not also help our development efforts. In this connection, I wish to express our government's concern about the grave dangers posed by money laundering and other financial crimes to the stability of our subregion and the wider international community. In this respect, our government will intensify its cooperation in international efforts to effectively combat money laundering and harmful tax practices.

Also, we are aware that foreign direct investment, along with other private inflows, is an essential complement to domestic financial resources in support of our growth and development efforts for poverty reduction. A favourable enabling economic and political environment is a key to attracting private inflows. In this regard, our government is determined to implement policies that would foster peace and economic growth while creating the enabling environment for private business to operate. Our completion of an Interim Poverty Reduction Strategy Paper and the recommendation of our performance by the Executive Board of the IMF under the first review of the Poverty Reduction and Growth Facility are evidence of this commitment.

Official Development Assistance (ODA)

With current levels of domestic savings and investment too low to ensure broad-based, sustainable and equitable growth to attain the targets of the international development goals for poverty reduction by the year 2015, ODA flows to the African region remains of great importance to fill this gap. Official Development Assistance is important in strengthening the ability of governments to make long-term investments, vital for private-sector-led growth. It can also invariably serve as a complementary source of financing for countries with minimal potential to attract private investment flows. Effective ODA can facilitate key public investment programmes in infrastructure and human resource development. In this connection, we believe that with effective and efficient aid coordination mechanisms including the proper targeting of processes,

external development assistance could be very effective in reducing poverty, promoting growth and attaining development goals while enhancing peace and reconciliation especially in post-conflict countries. More importantly, donor countries need to revisit the often overlaid conditionalities tied to aid since these create burdensome and bureaucratic processes for recipients, especially for those of us with limited human capacity and skills.

During this conference, we are convinced that the developed world would make a strong commitment to providing assistance in an efficient manner while reducing transaction costs to countries in economic crises and those emerging from conflict. In the past, donors have often blamed the lack of political will and poor implementation on the part of recipients, for aid ineffectiveness. However, on our part, we would prefer to point the finger at the unrealistic advice and conditionalities sometimes imposed, the slow and inadequate disbursement of funds, and the adverse international economic environment. Steps to improve aid effectiveness will include emulating best practices and experiences of countries that have succeeded in achieving credible results. At the same time, aid givers would need to harmonize operational procedures and improve access to aid in a timely manner. Such assistance is now even more meaningful within the context of homegrown and home-driven development strategies and policies as embedded in the Poverty Reduction Strategy Papers (PRSPs). It is hoped that all donor interventions in aid recipient countries will use the instrument of the PRSP as a tool for providing aid.

External Debt

Mr. Chairman, the debt burden of developing countries remains the key impediment to promoting sustainable growth and development for poverty reduction. The social costs of servicing both domestic and external debts are also high. To make meaningful progress in attaining the international development goals, creditor countries need to give serious consideration to addressing the debt overhang of poor countries. We are all agreed that for the Enhanced HIPC Initiative to have any meaningful impact, it should provide broader and faster relief to eligible countries with substantial amount of resources. Also, eligibility criteria should be able to respond to and take into account unforeseen problems like deterioration in terms of trade and conflicts. In particular, to foster reconciliation and sustain peace, Sierra Leone requires a sub-

stantial amount of debt reduction to facilitate the implementation of programmes and deliver basic social services to our rural communities and poor urban areas. Hence, for countries like Sierra Leone, debt cancellation should be given serious consideration, which may be linked to mutually agreed performance indicators including good governance and the implementation of economic reforms.

International Trade

Mr. Chairman, we fully recognize the role of international trade as an engine for growth and development. The broad objectives of Africa's participation in multilateral trade negotiations such as the World Trade Organization (WTO) have been, inter alia, to enhance trade benefits for Africa, secure a fair and balanced system of rights and obligations and support efforts for strengthening supply of capacity to African economies. Another objective is to improve access to markets for products and services for African countries. However, we are all aware that those benefits from trade have not been fully realized by our countries. The decline in Africa's share of world trade for its main exports – primary products – and the declining relative importance of these products in world trade have contributed to the decrease in the continent's share of world trade. Export earnings have become more volatile due to the volatility of the commodity prices themselves.

Globalization will only be meaningful to Africa when the developed world is willing to open their markets to us. Hence, our development partners should support our efforts to strengthen our productive capacities in order to improve overall productivity and the competitiveness of our economies, diversify our production and export base and address the negative impact of declining terms of trade. In this regard, there is an obvious need for multilateral institutions such as the United Nations to continue to facilitate serious dialogue to improve policy coherence in the areas of trade and development financing. Otherwise, our countries risk further marginalization in the global economy.

In concluding, let me express our strong belief that this conference has provided an opportunity for us developing countries to evolve new strategies of development cooperation with our development partners. Sierra Leone supports the broad outlines of policy contained in the Monterrey Consensus. We hope that all partners will be committed to its objectives for our mutual benefit. We are convinced that follow up actions will be driven by the mutual desire of all parties

to search for a common ground to achieve the global Millennium Development Goals to reduce poverty and mitigate the associated risks of the HIV/AIDS epidemic while improving the overall living conditions of our citizens. I recognize that, as usual, the United Nations System will continue to play a leading role in this process. Let me therefore hasten to commend them for their role in advocating strongly for a new development agenda especially for Africa. We will continue to count on them to assist in building this consensus and facilitating the achievement of global stability and development.

Singapore

Statement by
His Excellency Mr. Raymond Lim
Minister of State for Foreign Affairs, Trade and
Industry, Republic of Singapore

Globalization

The issue of development financing is not new. But it has been given a sharper edge in recent years with the advent of an increasingly integrated global economy. This is why this conference that we are having is timely. The integration of capital, technology and information across national boundaries is creating a new global economy unlike anything previously encountered. Because globalization works through ruthless efficiency, with capital and talent gravitating towards where profits can be maximized at reasonable risk, this has generated unprecedented prosperity, but at the same time, has led to increased inequalities both between nations, and within.

The issue is not whether we should have globalization or not. It is whether we manage globalization well or badly, fairly or unfairly. In this new global economy, we are all – developed and developing – inextricably bound to one another by common interests, shared needs and linked destinies. What happens to the poorest citizen in the poorest country can have repercussions on the richest citizen in the richest country. Managed badly, global integration risks marginalizing whole economies and millions of people in the developing world. Managed wisely, globalization can and will lift millions out of poverty, and become the high road to a just and inclusive global economy.

History has shown that since the end of the 2nd World War, no country has lifted itself out of poverty without participating in the global economy. Therefore, we can only best help the developing countries by developing their capacity to participate meaningfully in such a global economy, strengthening our cooperation, modernizing our international rules and reforming the institutions of economic cooperation to meet the new challenges.

Stability, Investment and Trade

Stability, investment and trade are the main long-term drivers of global prosperity. For the Monterrey Consensus to be a success, concrete actions on each and every one of our parts are needed. The international community needs to put together its collective will and wisdom to seek genuine market access for the goods and services of all.

Expanding trade could lift at least 300 million out of poverty by 2015 in addition to 600 million escaping desperate poverty with normal growth. Even diminishing by 50% protectionist tariffs in agriculture and in industrial goods and services would boost the world's yearly income by nearly \$400 billion. And since three-quarters of the world's poor live in rural areas, opening up agricultural markets offers the best and quickest route out of poverty. Subsidies to agriculture which run at one billion dollars a day – six times development assistance – are in urgent need of reform.

It is also clear that massive flows of capital will be required if we are to alter the huge disparities we witness across the globe. FDI flows can assist development. As a mutually beneficial phenomenon, it brings in needed technology, creates employment, and generates tax revenues without which programmes to help the poor cannot be financed. But it is also true that both the right domestic conditions and the right expertise are needed to attract FDI.

ASEAN as a region has generally sustained an open orientation towards trade and investment. The ASEAN countries continue to view trade liberalization as an important vehicle for development. Therefore, instead of backtracking from its commitment to free trade, ASEAN brought forward the date by which it will achieve 0-5 per cent tariffs under the ASEAN Free Trade Area (AFTA) from 2003 to 2002. Besides trade, foreign direct investment will also continue to play an important role in invigorating and enhancing the longer-term prospects of the ASEAN

economies that have been affected by the crisis. ASEAN has therefore put in place a series of regional initiatives, such as the ASEAN Investment Area, to assure potential investors of the continued viability and vibrancy of the region as an investment destination.

Recognizing that the future economy will be more knowledge-based, ASEAN has also come together to give more attention to human resource development and bridge the digital divide. Under a new e-ASEAN agreement, ASEAN leaders have agreed to the establishment of a free trade area for goods, services, and investments for the info-com industries so that ASEAN will be able to compete more effectively in the knowledge-based economy.

Singapore Cooperation Programme (SCP)

Of course it would be simplistic to believe that trade and investment alone are sufficient to lift countries out of poverty. Sustainable growth and development depends on many factors. At the domestic level, it often centres on the ability of the government to build the supporting legal, social and economic frameworks, nurture the necessary talents and effectively exploit available resources. There is a critical need for assistance to developing countries in such capacity-building.

Having benefited from the technical assistance provided by others during the early years of our development, Singapore recognizes the importance of sharing our developmental experiences with other developing countries. Through the Singapore Cooperation Programme and its bilateral and third country training programmes, Singapore has sponsored training courses and study visits for over 15,000 officials from 139 developing countries; providing training in a range of fields where we have relevant experiences to share, including communications and transport, economic development and trade promotion, management and productivity, finance and banking, and information technology.

Singapore has collaborated with the World Bank to provide technical assistance to developing countries in fields such as environmental management, budgetary processes, bank management, public administration, urban development and health sector administration. We are also in partnership with ADB to conduct joint regional capacity building courses for developing countries ranging from tourism, water management to port and airport management. Since its inau-

guration in 1998, the IMF-Singapore Regional Training Institute has conducted over 50 training courses for more than 2000 participants from developing countries in the Asia Pacific Region. Through these efforts, we hope that despite our limited resources, Singapore can make a modest contribution to the economic growth and progress of our fellow developing countries.

Role of National Governments and the International Community

Developing countries on their part also need to muster the political will to undertake the necessary structural reforms, which are sometimes difficult and painful, in order to plug into the world economy. While the circumstances facing each country and society may be different, we have found that crucial elements, such as domestic stability, rule of law, transparency, accountability and market oriented policies are needed to provide the necessary climate and infrastructure for sustained economic and social development to take place.

While much of the responsibility for change and adaptation lies at the national level, we also need to pull together and address our problems in a global context. One thing that is needed to ensure this is for the UN and international organizations such as the World Bank and IMF to renew themselves so as to adapt and better respond to the new environment and the challenges that are presented. Today, there is an imperative for them to get together and coordinate their efforts to assess what competencies the poorer nations need to develop in this new era. They should then put in place coordinated programmes to build capacity for globalization and the knowledge revolution. Doha (WTO), Monterrey (FfD) and Johannesburg (WSSD), provide us the platforms from which we should seek infrastructural development or risk institutional collapse.

We have negotiated long and hard to come up with the Monterrey Consensus. While it is certainly no mean feat that we have managed to accomplish that task on time and by consensus, history will be the judge of whether or not this was truly a success. The challenge we face is immense. But all can benefit if each meets agreed obligations for change.

Slovakia

Statement by
His Excellency Mr. Ivan Míkloš
Deputy Prime Minister of the Slovak Republic

It is a great honour for me to address on behalf of the Slovak Republic our Conference, a unique gathering in which for the first time in the history of the United Nations all aspects of financing for development are explored in a coherent way. The presence of all stakeholders in the financing of development around the world, including representatives of civil society and the business sector, gives our assembly an utmost capacity and responsibility to handle eradication of poverty, nowadays recognized as a crucial part of our common responsibility for the destiny of the globe.

The international community has changed since the UN Millennium Summit in September 2000 set up the development goals to eradicate poverty, achieve sustained economic growth and promote sustainable development. In the climate of solidarity created after the tragic events of September 11, our clear support for strengthened cooperation, which is a precondition sine qua non of peaceful interrelations and mutual security, must lead our states to firm actions which requires implementation of the noble Agenda for development.

The world entered into the 21st century keenly aware of the pace of change. We should all change our behaviour. Much has been shaped by globalization. However, the foundation of further global economic and social progress must be primarily based on continued efforts at national levels. Discussion here proved that thanks to coherence in economic and social policies, a number of middle-income developing countries apparently benefit from increased flows of private capital, thereby compensating decline in official aid recorded in the course of the last decade.

Our task is, therefore, the issue of extreme poverty actually increasing in nearly every part of the globe. Moreover, 74 countries, i.e. more than one-third of the world's population, are not on track to meet the poverty reduction goals. In this context we welcome the significant unilateral initiatives of the United States and the European Union and other important donors which come as a result of awareness of global interdependence, thereby emphasizing peace, security and development concerns, including environment, human rights and governance.

The Slovak Republic shares with international community the objectives of the Millennium Development Agenda. Although the status of the 'country with economy in transition' still allows us to benefit from the assistance, we have already started to define our development policies to respond on objectives enshrined in the Millennium Development Goals. As an advanced candidate country for joining the Trans-Atlantic political, security and economic structures, we are ready to assume more visible contribution, though limited from the beginning, for mobilizing our own domestic financial resources in order to fulfil global development goals.

We declare our full support to the objectives of the Conference to give an impetus on further development assistance flows. In the aftermath of the Conference, the Slovak Government will discuss the commitment for Financing for Development which will reach from the current level 0.04% of GNP in 2002 to the level of 0.125% of GNP around 2010.

Our transformation experience shows that aid without trade may not ensure the equitable development path. Multilateral rules-based trade system and reduction of trade barriers must serve as a natural impetus for development. Promising results of the WTO Ministerial Conference in Doha, which succeeded to tackle major concerns and expectations of the developing countries committed to rules-based trading principles, provided for tangible contribution to preparation of the 'Development round from Doha', launched last month in Geneva.

To meet the Global Development goals via mobilizing and increased use of public and private financial resources, a firm partnership between developed and developing countries is inevitable. It should ensure that sound policies, solid democratic structures, respect to rules of law and 'good governance' practices at national levels are in place and properly implemented.

By compromising these elements, the prospects for sustained results and visible progress in the development agenda might be delayed. Only a firm subscription to coherence in our deliberations and actions may indeed guarantee meeting reiterated commitments initially adopted at the UN Millennium Summit in 2000.

We hope that the favourable climate, which governs in the Conference, altogether with a hospitable reception offered by the host country, Mexico, will be also translated into a successful outcome of our historical gathering.

Slovenia

Statement by
His Excellency Mr. Anton Rop
Minister of Finance, Republic of Slovenia

The state of globalization and deep developmental disparities clearly show the unsustainability of an integrated but divided world in which poverty is its most brutal manifestation. But at the same time, it provides the opportunity to reach out and overcome the problems of the most needed. That is why Slovenia attributes great importance to this conference for creating a new partnership and for strengthening international cooperation for development.

This conference is the opportunity to assess the implementation gap between our actions and international commitments in order to enhance consistency and accountability for our own decisions. This is directed to donors of financial development cooperation as well as to recipients and to those of us who are transiting in between the two. The outcome of this conference must be a clear commitment in the spirit of new partnership towards mobilization of resources and for providing a supportive national and international environment for development.

In the run up to this Conference we have witnessed an exchange of views upon the effectiveness of development assistance. We know that there have been positive and negative experiences from which we should learn to streamline our future cooperation. However, it is also true that development assistance has a catalytic and supportive role for development efforts. Our experience as a recipient and our limited history as an emerging donor reassure us of the important role of international cooperation for development. We believe that if we fully commit to implement the Monterrey Consensus and strengthen the multilateral channel, the way in which international cooperation is provided, we will enhance the effectiveness of ODA. Falling short of Monterrey commitments will result in not meeting the agreed Millennium Development Goals.

Slovenia is an emerging donor country. It began its graduation process at the World Bank as the first of the CEE countries, not so long ago in 1999. The evolving role of Slovenia from recipient to donor country has been constrained by the still limited but expanding national capacity to provide financing and technical assistance. The focus of our contribution has been primarily to support the development and peace

process in Southeast Europe. We are convinced, as the progress of peace consolidation in the region has started to render positive results, that peace and development are mutually supportive.

Slovenia is assuming an active role within the Stability Pact for SEE; we are engaged in various projects covering mainly capacity-building and building institutional infrastructure. In our development-financing effort we have been aiming at involving the private sector, which also responded favourably by tripling outward Slovenian FDI in the region. The international cooperation effort to which we have contributed has restored growth, increased trade and stimulated foreign direct investment flows in the region.

A supportive global environment is a critical component for fostering a sustained development effort; we have to ensure full implementation of the commitments made in Doha. We believe that free trade is critical to enhance developing countries' ability to finance their own development. Slovenia on its own also has free-trade agreements with countries in the region, which have proven to be highly beneficial to all parties.

Even though Slovenia has focused its contribution for development within the region, we have also committed our development assistance through various international financial institutions and multilateral organizations. We have joined important international initiatives including the Global Environment Facility where the Slovenian Government will contribute to its third replenishment; similarly we have contributed to the African Programme for river blindness.

Throughout this week we have repeatedly heard two words: 'commitment' and 'implementation'. In order to truly link them we need to build further on the momentum reached here in Monterrey. This Conference has served to revive our commitments to development cooperation. But we have to continue; for us in Slovenia it means to continue implementing sound economic policies, further mobilize our internal resources for development financing and, in the medium term, transcend the regional context.

Within donor countries, implementing Monterrey, besides creating an enabling international environment, should also imply commitment to build awareness and national consensus on the importance of development cooperation. A special emphasis must be placed on the fact that ODA is not charity but funds committed for mutual benefit among equals to preserve the well-being and peaceful coexistence of the human race.

Sri Lanka

Statement by
His Excellency Dr. Warnasena Rasaputram
Ambassador of the Democratic Socialist Republic of
Sri Lanka to the United States of America and to the
United Mexican States

Sri Lanka welcomes the excellent report of the Panel of Experts and endorses the Monterrey Consensus. They give us hope and strength that the problems faced by developing countries in the path to the eradication of poverty and rapid economic growth have been well studied to the point of evolving an Action Plan to meet the challenges with a determined commitment. We have come here with a lot of hope.

The Monterrey Consensus sets the guidelines but not the targets to be achieved in financing development and eradicating poverty. We have set these guidelines before, but not achieved very much and missed all the opportunities. The Hour has come.

Today, we have the opportunity to move forward, to act with firm commitment on the basis of shared responsibility to keep to the target of reducing poverty by half in 2015 and finally eliminating poverty 10 years later. At the Millennium Summit, the United Nations Secretary-General presented the 21st Century Action Plan. The UN has already set the deadline for poverty eradication by half by 2015. What is required now is to strengthen the arm of the development paradigm by a time-bound Action Plan for poverty eradication. This has to be done almost immediately to take advantage of the current atmosphere regarding global security. The problem of poverty has come centre stage after the terrorist attacks on September 11th. The world security and future development and growth will therefore depend on the eradication of poverty by the same coalition of forces that joined together to attack terrorism. Though poverty is not the only cause of terrorism, an Action Plan will adopt a holistic approach to prepare the environment for peace and harmony by removing corruption and inculcating the human values of love, respect for human rights, justice for all, tolerance, and right understanding.

Tangible results obtained through education, health and nutrition programmes will generate the necessary alliance with businesses, the government and non-government organizations. Cultural activities will naturally have place to broaden the economic dimension for the creation of more jobs with greater access to local finance. Therefore, an Action Plan

accepted by all countries of the UN, using the inputs from all countries, has to be implemented with the highest degree of priority and urgency so that poverty can be eradicated by the year 2025. It must be remembered that this Action Plan is a contract between the developed and developing countries with the UN to keep to the performance criteria agreed by all countries.

The United Nations may also evaluate and review the progress of a global poverty programme annually. The partnership with the UN will avoid delays and enable deficiencies to be corrected on time. It is expected that partnerships will be broadened to include international organizations, and the private sector.

In the search for finance for development we cannot be overoptimistic about foreign assistance. In fact such assistance can be temporary. It is believed that removal of trade barriers can generate nearly \$300 billion for the developing countries through trade. The need for direct foreign investment is well documented. Money flows when confidence is high. Therefore, confidence-building measures must be put in place particularly by the developing countries to remove the legacy of distrust about the utilization of funds. Economic reforms and policy initiatives to raise local savings to the highest possible level, sound macroeconomic management and good governance must necessarily prepare the ground for greater financial assistance for the developing countries.

The speculative capital movements, which brought about the Asian financial crisis, are fresh in our minds. It is our hope that the IMF will develop an alliance among all the players so that danger signals will be attended to forthwith by developing a strategic partnership with the capital providers and the securities commission of the countries. It is necessary that countries start with a clean slate about the volume of its debts. The poor countries that are unable to meet the debt burden may have part of the debt written off and aid programmes include a large grant element

Finally, it is the shared responsibility of all to meet the democratic challenges by providing support to all the developing countries to strengthen their democracies by widening economic and social opportunities. When society gets transformed it may be aided by consistency of policies, increasing public trust and confidence, including a broader vision for the future, and the building up of strong institutions that command the highest respect by the people and organization both within and outside.

Sudan

Statement by
His Excellency Mr. Mubarak Hussein Rahmtalla
Ambassador and Permanent Representative to the
United Nations, Republic of the Sudan*

I have the honour of making this statement on behalf of the head of the Sudanese delegation, His Excellency Mr. Karamadin Abdelmullah, who left Monterrey three hours ago to go back home.

The Sudanese delegation expresses its gratitude to the President of Mexico for presiding over this important International Conference. We also express our gratitude to the people and Government of friendly Mexico for its hospitality here in this beautiful city and to the Committee and the Bureau elected to facilitate this Conference. We also appreciate the Secretary-General's efforts and support for this Conference.

At the outset, the Sudanese delegation wishes to pay tribute to the efforts of the Conference Preparatory Committee, which have gone on for two years, and the positive spirit of negotiation at the final session. Last January, the Sudanese delegation witnessed the results achieved in the Monterrey Consensus.

The Sudan, located in the heart of the African continent and a natural bridge of unity for their people, reiterates once again the determination of African world leaders, when they began the New Partnership for Africa's Development (NEPAD) initiative, not to impose changes on their peoples, to determine their own future and to call on the rest of the world to support their efforts in this context. In the Sudan we know what we must do in order to achieve development in our countries. We must commit to good governance, improve the investment climate and prioritize human resource investment.

Before the Monterrey Conference, the first investment forum ever held in the Sudan was convened in Khartoum and was hosted by the Sudan. More than 200 people from more than 15 countries, as well as 60 delegations representing regional and international organizations, including the International Monetary Fund and the World Bank, participated in that conference. One of the major outcomes of that

* The text of this statement has been transcribed from audio recordings, as the original was not submitted to the Secretariat.

conference was the reaffirmation of the importance of the Sudan's investment climate, thanks to the stability achieved by the Government, which has also achieved the greatest level of development and a lower unemployment rate, as well as stability in the exchange rate and legislation beneficial to investors.

These are our commitments and efforts at the national level. Success at that level depends on the role that must be undertaken by developed countries, our partners in development. In this context, we fully agree with the statement of the President of the World Bank, who called on these countries to help developing countries increase their local capacities in the business and private sectors. They must listen to developing countries in order to facilitate the establishment of realistic projects that will lead to real and desired change. Given our conviction that developing countries will not be able to achieve development alone, regardless of their policies, if they do not have access to markets, we feel that development partners, through their determination, must also enhance trade liberalization.

Rich countries must take initiatives to reduce agricultural subsidies in their countries, which reach \$350 billion yearly, which is six times the development assistance provided by the rich countries to about 5 billion inhabitants of poor countries. We support Mr. Kofi Annan's initiative for rich countries to increase their official development assistance and to provide from between \$40 billion and \$60 billion annually in order for us to be able to achieve the millennium goals.

The tragic events of 11 September, which the Sudan has condemned as a criminal terrorist act, and economic recession might not be justification for developing and developed countries not to implement the commitments undertaken at the Millennium Summit and in the Monterrey Consensus. Since the 11 September attacks, people around the world have become convinced, as was stated by Mr. James Wolfensohn, President of the World Bank Group, that military solutions for combating terrorism are not enough. We must provide people with the hope for a bright tomorrow. We must build a global world community in order for globalization to benefit all of mankind, not only competitive commercial interests.

In conclusion, we hope that the Monterrey Consensus will be a first step in a world partnership for development. Billions of people, particularly those who suffer from disease and poverty, will seek follow-up mechanisms to measure the success of the commitments made at this Conference at all levels.

Suriname

Statement by
His Excellency Mr. Kermechend Raghoebarsing
Minister of Planning and Development Cooperation,
Republic of Suriname*

Suriname thanks the Secretary-General, the Mexican Government and the City of Monterrey for organizing and hosting this important conference.

Suriname associates itself with the statement of the honourable President of the Bolivarian Republic of Venezuela, His Excellency Hugo Chávez, who spoke so eloquently on behalf of the Group of 77 and China. My delegation is especially grateful for the strong support in the Group of 77 statement regarding the necessity of real partnership in achieving the Millennium Development Goals and the implementation of the Monterrey Consensus.

The human rights-based approach to development, including the notion that human-rights education is a key to development, should be embraced. We should acknowledge that the life and poverty of our peoples is a serious violation of their human rights. Every human being has the right to an adequate standard of living in regard to health, medical care, well-being, education, food, housing and social services.

Suriname welcomes the draft Consensus on Financing for Development and applauds the process and efforts so far. The Monterrey Consensus provides us with a good point of departure. The poor are in need of honest commitments and actions. Well-targeted investments in the poor rank among the highest returns in social and economic development on the level of the individual as well as on the level of nations and the entire world.

Therefore, first of all, it is safe to come up with the strongest possible commitments and live up to them. It will create rewarding successes for all. Secondly, we need to move from good intentions to effective actions. All too often, good intentions are translated into poor actions. Valuable time and money are being lost in an array of donor-driven, inefficient, and inharmonious changing procedures and conditions.

* The text of this statement has been transcribed from audio recordings, as the original was not submitted to the Secretariat.

This successively burdens scare human resources. A lot of money remains floating in donor bureaucracies and is being paid to expensive consultants. The poor do not have an idea of how much money is being paid in their name. The good intentions and commitments of human beings in some parts of the world for the well-being of their fellow human beings in other parts of the world too often enters into bureaucratic quicksand and ill-targeted delivery mechanisms of donor agencies.

To reach the Millennium Declaration Goals we need more and faster interventions, less bureaucracy and improved targeting and delivery. We must see to it that money really ends up in addressing the immediate problems of the poor and that the Millennium Declaration Goals are being worked on from day one and for every penny. The greater the ownership of the development process, the more sound and sustainable the results can be to ensure economic development and social equity. Ownership includes the business community and civil society. Donor support must be complementary to domestic processes and resources, not the other way around.

Thirdly, performance of all, including that of the donors and international financial institutions involved must be measured and monitored. Very often the poor have suffered from experimental visions of donors and multilateral institutions. Up to now, the developing countries and the poor are the only ones that have absorbed the negative consequences, whereas more performance should be measured by an independent organization like the United Nations. For it is in the interest of the poor that the United Nations is supported to monitor and evaluate results and can suggest corrective actions. The United Nations represents the people and has a single, clear agenda: the development of all and a clear voice for the poor. We would like to see the United Nations with a strong mandate to monitor and evaluate performance, including the commitments from donors and international financial institutions and their agencies in our countries instead of self-evaluation by them. In delivering their support the United Nations will assist in improving efficiency and effectiveness.

People should always be at the centre of all development goals, not only when it comes to human rights, gender, education, health and democracy but also when it concerns globalization, Information and Communications Technologies (ICT), the economy, international trade, commerce and private-sector development. People should come first – all people and all the time.

This calls for a change in world organization, including the behaviour of transnationals and the staff on the donor agencies and multilateral institutions in our countries. Too often, the negative consequences of the current order are explained as incidental and addressed with poor solutions. Too seldom is it acknowledged that there are fundamental errors. We cannot hide behind concepts like the system or the market, because we create the system and we are the market. So we can change them if we want to.

The poor are reliable and resourceful partners. They are extremely cost-effective in their solution. Their progress will be beneficial to all. But we need conceptual transformations in both the developing as well as the developed countries. In this sense, we are discussing the development of all – poor and rich, women and men, the young and the elderly. In recent history, this argument was applauded. Recent developments, however, suggest a renewed increase in defence expenditures. We must ensure that the Millennium Declaration Goals are not jeopardized by this trend.

Monterrey will present a price tag, hopefully sufficiently covered to realize all the good intentions. But Monterrey is not about money in the first place. It is about the future. It is about old-fashioned concepts like solidarity, humanity, peace and happiness, blended with the new concepts of partnership and global responsibility. Monterrey provides a unique opportunity to effectively address the serious problems in our world and to provide solutions in the best interest of our peoples and countries.

Swaziland

Statement by
His Excellency The Honourable Majosi Sithole
Minister of Finance, Kingdom of Swaziland*

Allow me to first greet the participants and express my gratitude to the Government of Mexico for the warm hospitality which has been extended to us. Our thanks go also to the Secretary-General and his staff for all the preparations that they have made for this conference.

* The text of this statement has been transcribed from audio recordings, as the original was not submitted to the Secretariat.

I am greatly honoured to address this gathering of the United Nations International Conference on Financing for Development on behalf of the Government of His Majesty King Mswati III. In so doing, I also wish to associate myself with the statement of the Chairman of the Group of 77, His Excellency Mr. Hugo Chávez, the President of the Republic of Venezuela.

The Kingdom of Swaziland welcomes the dynamic developments in the world economy brought about by globalization and the strides that have been made towards ensuring sustainable development for all. While the overall picture may look positive, behind it is concealed a number of persistent imbalances threatening the stability of the present growth path. We have noted with great concern that developing countries, including Swaziland, have continued to be confronted with dwindling private financial flows and official development assistance, limited access to markets for their goods, non-competitive prices for goods in overseas markets, high levels of poverty, the HIV/AIDS scourge and the recurring budget deficits.

In addressing these issues, the Kingdom of Swaziland has devised a national development strategy, which is the country's vision to be at the top 10 per cent of the median human development group of countries founded on sustainable economic development, sound justice and political stability by the year 2022. This vision is consistent with the Millennium Development Goals.

However, the HIV/AIDS pandemic has continued to be a major threat and a setback to our efforts. As a result, the Government has since adopted an HIV/AIDS emergency response committee to coordinate the implementation of an HIV/AIDS strategy plan. An HIV/AIDS fund has been set up to enhance and augment our efforts. We appeal to donors to make contributions to finance our fight against this pandemic. Developing countries like my own are conscious of the need to accelerate the pace of mobilization of domestic resources to promote high investment in our countries and subsequently address the present social and economic problems.

However, of critical importance is the provision of additional finances from the developed world to augment existing finances in developing countries. In this context, the Kingdom of Swaziland has embarked on a major drive to mobilize resources to finance national infrastructural projects. With the assistance of the United Nations Development Programme and the World Bank, we are preparing for a donor round table to be held in June and July this year in

Geneva to solicit financial support from the international community. We will therefore be visiting your capitals and organizations in the next two months with the appropriate documentation.

The importance of trade to sustainable development and poverty alleviation can never be overemphasized. In this regard, we welcome the endeavour to open markets to the developing world, as it has become clear that trade barriers make it difficult for the developing world to succeed in the trade arena.

The time has come for this change so that benefits from trade also accrue to those countries which are currently lagging behind. To that end, we welcome the initiatives taken by the United States through the Africa Growth and Opportunity Act, and we would further urge other developed countries to honour their obligations under the World Trade Organization to improve accessibility to their markets by the developing countries in order to stimulate economic growth.

We view with great concern the continued decline of official development assistance to developing countries, especially the least developed countries. With official development assistance, it is difficult for poor countries to make any meaningful strides in their endeavour to uplift the standard of living of their poor masses. We therefore urge the international community to redouble its effort towards accelerating development in Africa through increased official development assistance. We, as developing nations, are also fully committed to ensuring that these resources are located appropriately to ensure that poverty reduction goals that we have set for ourselves are achieved.

The debt burden faced by developing countries continues to be a source of concern to all of us. We share the view that indeed countries that are heavily indebted require the assistance of creditor countries to disentangle themselves. In this regard, we appeal to the international community, particularly creditor countries to convert the debt to grants or cancel the debt altogether. That would assist in freeing much needed resources for spending in other pressing needs.

Whilst we recognize the correct mix of appropriate policy measures to assist the developing world to realize freedom from debt, we wish to underscore the importance of close collaboration with international financial institutions to implement solutions that are tailor-made to suit individual situations.

In conclusion, we view the Monterrey Consensus document as a good basis for addressing the issues of Financing for Development. It is a roadmap that could be used to guide us towards achieving the Millennium Declaration goals. However its success will depend entirely on implementation, monitoring and continued review and evaluation. To that end, we would support regular dialogue between all stakeholders for the fulfillment of the objectives of the Consensus.

Sweden

Statement by
His Excellency Mr. Bosse Ringholm
Minister of Finance, Kingdom of Sweden

It is a pleasure for me to address you here in Monterrey. This gathering is a unique opportunity to take steps toward the goal of reducing poverty by half by the year 2015.

A raised living standard in developing countries presupposes more equitable economic conditions both domestically and internationally. The main responsibility for the mobilization of resources for development rests with the developing countries themselves.

The key to stability and growth, and to reduce poverty, is sound and predictable macroeconomic and structural policies. I am encouraged by the commitment to domestic resource mobilization contained in the Monterrey Consensus. This commitment must be mirrored by a commitment from us in the rich countries.

The problem in the world today is not that there is too much economic integration. On the contrary, many parts of the world participate too little in international trade and investments. The global economy still does not involve all. Globalization must be more global and more pro-poor.

We need more trade and less subsidies and tariffs. A great contribution that we can make to the economic development of our partner countries is to eliminate tariffs on their exports. Also, we must abolish trade-distorting subsidies that disadvantage poorer countries. Further, trade liberalization is also needed between developing countries themselves. The European Union's Common Agricultural Policy should be reformed in ways that benefit developing countries.

We also need to strengthen international cooperation in areas of particular significance for resource mobilization. One important example is improved coordination of our efforts to deal with harmful tax practices.

Rich countries should take their responsibility and increase ODA. I urge all donors, individually and collectively, to set timetables for attaining an ODA volume of 0.7 per cent of GNP well in advance of 2015. An intermediate target for all countries should be to reach at least the 0.33 level by 2006. European leaders in Barcelona have already stood up to this challenge. By 2006 EU's joint ODA will reach 0.39% to GNP, delivering an additional US \$7 billion a year. This will accumulate to US \$20 billion over the next couple of years. Sweden has for a long period of time been a member of the far too exclusive 0.7 group. Still we have set an ambitious target for ourselves – to reach the 1% level. Furthermore, donors should, in order to make ODA more effective, step up work on harmonization of procedures and further untying of aid.

Developing countries must be empowered! By focusing more on supporting capacity building, developing countries will be able to effectively utilize and mobilize resources. Furthermore, we must support developing countries to participate in and reap the benefits of globalization in general. We must strengthen their voices at the negotiating tables.

Support for capacity building is needed in several areas. Let me mention four areas where Sweden is ready to support poor countries efforts to create an enabling environment for development:

- Firstly, Many developing countries, in particular the poorest, need trade-related support for capacity building in order to be able to take part in and influence the WTO to work to their benefit. We also need to support poor countries to develop their productive capacity, eliminate supply-side constraints, and build institutions that are necessary for a well-functioning trade.

- Secondly, capacity-building support in public finance management is crucial to our efforts to implement the Monterrey Consensus. Strong public expenditure management is key to mobilizing and using domestic resources efficiently. It is the basis for implementing sound pro-poor macroeconomic policies. It is also key to utilizing resources freed by debt cancellation under the HIPC Initiative. If donors are to shift to more general budget support we must be comfortable with the quality and effectiveness of the public

expenditure system. I am happy to announce that Sweden and the World Bank this morning signed an agreement for a capacity-building programme for Public Expenditure Management for the African countries that participate in the HIPC initiative.

- Thirdly, building the capacity for macroeconomic management is a key component to reduce poverty. I strongly welcome the recent launching of the IMF Africa Capacity-Building Initiative.

- Fourthly, capacity building is also crucial in debt management. The Monterrey Document correctly underlines the importance for all heavily indebted countries of attaining a sustainable external debt. We must also focus on debt management. Sound management of debt service payments and new borrowing can go a long way in securing resources for development.

We are prepared to go further in all these areas. We urge others to make similar commitments.

I would like to point to another area in which I believe that we must make urgent progress. Important studies have recently been carried out on Global Public Goods such as the environment and control of infectious diseases. A Global Public Goods Task Force should be set up to provide suggestions on definitions and priorities, and provide recommendations for action. Sweden and France are willing to lead the work together with partners as an outcome of this Conference. With strong political leadership, I am convinced that we will be able to grasp the existing momentum. The best way to start is to implement what we have agreed upon here in Monterrey and involve all stakeholders. Member countries must also ensure that their policies in different fields are mutually reinforcing.

The goal of the Millennium Declaration, to reduce poverty by half by the year 2015, requires immediate action. Our task is truly challenging but not unrealistic. I am convinced that this conference will serve as a good starting point for our renewed efforts which are essential for a more equitable global economy.

Switzerland

Statement by
His Excellency Mr. Joseph Deiss
Minister for Foreign Affairs, the Swiss Confederation

On the 3rd of March this year, the people of Switzerland decided in a referendum to join the United Nations.

My country, which already participates actively in a wide range of activities within the UN system, has thus made its commitment to the great United Nations family full and complete. Monterrey is the first official occasion for me to announce this historic decision to the international community. I consider it a happy coincidence that the meeting at which I make this announcement is devoted to the subject of financing and development. For, indeed, one of Switzerland's reasons for becoming a full UN member is to show solidarity, in particular with the least privileged countries of the world. This conference on financing is crucial for the success of international efforts to make development sustainable.

Monterrey is thus an unavoidable stage along the road to Johannesburg.

I would first like to take this opportunity to express a heartfelt "thank you" to Mexico for the tremendous work it has undertaken in preparing this conference, and for a warm and friendly welcome. This conference is a turning point because, for the first time, an attempt is being made to deal with the problem of development financing in a multidimensional way, rather than purely from the point of view of Official Development Assistance (ODA). To ensure the success of this process, Monterrey must find ways to mobilize greater financial resources, both domestic and international.

The first step is to establish the guiding principles. This is the aim of the 'Monterrey Consensus', which Switzerland fully supports. But without deeds the most solemn commitments are hollow. This means coming to terms with the harsh reality of economic constraints. The transition from commitment to action is, however, the essence of politics. The Swiss government is determined to make an even greater commitment to improving the efficiency of development efforts and their impact, including their financing.

Through sustained effort and a specific programme, Switzerland will increase its ODA progressively to 0.4 per cent of gross national product (GNP) by 2010. But quantity must go hand in hand with quality. At the same time as we increase the volume, we also want to make our ODA more efficient and more effective, notably by:

- Giving more support to the strategy of our partners, and
- Ensuring suitable coordination with other donors.

With regard to financing, it is important that the terms and conditions for support be clear, and that they are respected. In our view, the way in which responsibilities are currently assigned should be maintained:

- The United Nations Funds and Programmes should continue to allocate their resources in the form of donations
- The international financing institutions such as the International Development Association and the regional development funds should provide loans, as at present.

Switzerland is satisfied with this way of doing things, because it offers the following two advantages:

- It takes into account the different nature and role of each institution, and
- Above all, it preserves the ability of the international financing institutions to ensure their own funding.

This debate should not however be allowed to delay the efforts of the international community to provide debt relief to the poorest countries, both at the bilateral level and within the framework of multilateral initiatives. Closely involved right from the start, Switzerland will continue to play an active role.

Trade is another source of financing. Switzerland remains committed to the implementation of fair international trade agreements. We must strengthen the measures designed to accompany the process that leads to membership of the World Trade Organization, and, in particular, support the efforts of the least developed countries (LDCs) to become full members. In this context we are pleased to launch

negotiations here in Monterrey aimed at transforming the Agency for International Trade Information and Cooperation into an intergovernmental organization.

In the same spirit we wish to collaborate with our partners to build up a healthy and efficient financial sector, in particular with a view to strengthening the systems of regulation and supervision. Cooperation between state authorities and private-sector operators is another avenue for us to explore. Switzerland can help to promote the necessary dialogue with the assistance of some very valuable partners, such as the World Economic Forum. We are also aiming to use development aid to promote balanced and constructive partnerships between the public and private sectors.

Institutional dialogue, which has strengthened during the Monterrey process, is an integral part of these efforts. We need to increase the number of meetings between the United Nations and the Bretton Woods institutions, as well as with other key players such as the World Trade Organization.

The Swiss government is determined to contribute and to make proposals to this end.

Syrian Arab Republic

Statement by
His Excellency Mr. Mikhail Wehbe
Ambassador and Permanent Representative to
the United Nations of the Syrian Arab Republic*

I take pleasure in thanking the President of Mexico and the friendly people and Government of Mexico for their warm hospitality extended to us during our attendance at this Conference in the city of Monterrey, a city surrounded by beautiful mountains.

At the outset, I wish to express our support for the statement made by the President of Venezuela on behalf of the Group of 77. This gathering of world leaders today in Monterrey must lead to a clear and serious commitment that will make the twenty-first century a century of real development by mobilizing international, regional and national financial resources and enacting necessary legislation. The developing and developed countries must fulfil their commitments.

* The text of this statement has been transcribed from audio recordings, as the original was not submitted to the Secretariat.

International technical and financial cooperation is a must for development. That cooperation nevertheless currently faces difficult circumstances, since credit conditions and debt servicing constitute heavy burdens for developing countries. Preventing many countries from accessing technology on various pretexts does not contribute to development in these countries.

World leaders affirmed in the Millennium Declaration their determination to achieve durable and just peace in all places of the world, in accordance with the purposes and principles of the Charter. The leaders reiterated in the Monterrey Consensus that development and peace are interdependent.

However, the absence of peace in the Middle East region, due to the continued Israeli occupation of Arab territories, is a major obstacle to sustainable development. It contributes to creating a climate of instability and adversely influences efforts to establish any strategy aimed at attracting external and internal investments, not to mention the large allocations made to defence expenditures. That increases the debt burden of the Arab countries, despite efforts being made by those countries to achieve development. Nevertheless, under current occupation, true sustainable development remains a distant goal.

Developing countries were clear in their message to this Conference. As a developing country, Syria wishes to reiterate these important points:

- First, it is important to open the markets of developed countries fully and comprehensively to the products of developing countries and to lift tariff and other barriers to the entry of such products.

- Secondly, we must increase the current momentum and use all the mechanisms and procedures necessary to alleviate poverty, particularly since the number of poor in the world is over 1.2 billion, of which 900 million face extreme rural poverty. We cannot forget the hundreds of millions of children who are AIDS victims and who face extreme poverty, military conflicts and occupation, as well as the scourge of environmental pollution.

- Thirdly, there is diversification of the world's commercial, developmental, financial and monetary institutions. To achieve the best results, these institutions must find the means to establish a mechanism of cooperation in order to achieve the desired objectives.

- Fourthly, with regard to the debt burden of poor countries, every one has confirmed the continuation of efforts aimed at alleviating the debt burden of the least developed countries, as well as of developing countries, and at reviewing loan conditions to alleviate the debt burden of developing countries and the least developed countries. Achieving a just solution to the debt problem is a major element in combating poverty. We welcome the Heavily Indebted Poor Countries initiative for poor countries. Nevertheless, we call for a mechanism to deal with the heavy debts faced by developing countries outside the framework of the Heavily Indebted Poor Countries initiative.

- Fifthly, all initiatives and statements made yesterday and today point out that donor countries have not adhered to their commitments to achieve the official development assistance objective, which was agreed within the framework of the United Nations, to achieve 0.7 per cent of the gross national product. Official development assistance is still playing a role in providing financing for developing countries and the least developed countries. Therefore, given widespread globalization and its challenges, those countries must respond to the call of Monterrey and make their best effort in a spirit of good will not only to achieve the 0.7 per cent target, but also to increase that percentage under objective developments.

- Sixthly, real development requires genuine political will in order to achieve comprehensive and just solutions to end regional and international conflicts, as well as to enable international financing and external and internal investment to be channelled into the melting pot of sustainable development.

Failure to implement the blueprint of the Millennium Summit in achieving development and its financing will adversely reflect on the credibility of the decisions taken by the Millennium Summit. That motivates us, at Monterrey and elsewhere, to intensify efforts aimed at achieving the Millennium goals and implementing the Monterrey Consensus, which would pave the way for the success of the coming Conference in Johannesburg.

This simple gathering, in this beautiful city, of world leaders at this Conference, which has long been called for, demonstrates the importance of dialogue and of listening to mankind's suffering. It is a good beginning towards understanding the problems of the South. Monterrey is one step on a long road with many obstacles. We must all cooperate in order to save our peoples from poverty, hunger and deprivation and the tragedies of occupation and armed conflict and to help them achieve sustainable development in order to attain a dignified life for all mankind.

Tanzania

Statement by
His Excellency Hon. Jakaya M. Kikwete
Minister for Foreign Affairs and International
Cooperation, Republic of Tanzania

Mr. President, it is an honour and privilege for me to take this opportunity to add Tanzania's voice in congratulating you and other members of the Bureau upon your election to preside over this important Conference. I am confident that you will guide our work to fruitful conclusion. In the same vein, allow me to express my sincere appreciation for the good work done by the two Co-chairmen and the Bureau of the Preparatory Committee. Their tireless efforts have made this Conference possible. I am optimistic that the outcome of this Conference will commensurately reward their hard work and dedication. I would also like to express my appreciation to the Government and the people of Mexico for hosting this Conference and for putting at our disposal such excellent facilities. This affords us a serene atmosphere for successful deliberations. My delegation and I are deeply touched by warm hospitality being accorded to us since we set foot onto this great country.

My President H.E. Benjamin Mkapa very much regrets that he could not attend this important Conference because of unavoidable reasons but sends his best wishes. He trusts that his colleagues and members of the United Nations, family gathered here will live up to the expectations of millions of people who remain victims of poverty and deprivation.

We have come to Monterrey with hopes and expectations that this Conference will provide an opportunity to further the cause of getting comprehensive resolutions to the complex development questions facing mankind today. In particular this Conference is expected to give practical answers to issues related to the eradication of poverty. It is quite opportune indeed, that this Conference demanded by the Group of 77 two decades ago, is being held two years after the Millennium Summit of 2000 at which world leaders agreed on the Millennium Declaration that made poverty eradication the central focus for our development efforts in the new century. The Millennium Declaration spelt out clearly in the Millennium Development Goals (MDGs) that abject poverty would have been eradicated by 50% by 2015. This generated hopes to those countries and peoples who are vic-

tims of poverty. This meeting, dedicated to finding the means to implement the MDGs raises our expectations to even greater heights. We sincerely hope that we will not be let down either by the conclusions or later by the conclusions not being implemented.

The implementation of MDGs will require substantial new and additional resources from both domestic and external sources. The World Bank estimates that US \$30 billion will be required annually for a period of thirty years to meet this goal. The United Nations estimates that some \$50 billion will be required annually up to 2015, of which \$10 billion will be spent on stemming and reversing the surge of HIV/AIDS.

This may appear not to be a small task but I believe it not an impossible one. Fortunately this world has tremendous wealth, especially in the developed countries of the North. What is \$50 billion to the European Union countries which spend \$1 billion a day on agricultural subsidies which they can do without? That money alone is equivalent to seven years' budget of financing the Millennium Development Goals. If one were to combine that with the huge surpluses in the US, Japan and other non-EU developed countries the resource requirement to implement the MDGs should not be a headache. Perhaps what is required now is greater political will and commitment. Recent decisions taken by the European Union and H.E. President George W. Bush of the United States are steps in the right direction and are welcome indeed.

My delegation came to Monterrey with high expectations that this Conference come will up with a clear message of hope that the implementation of the Millennium Goals is doable. Also that there are concrete plans of action and proper follow-up mechanism is put in place.

Sustainable debt financing on the part of the developing countries is an important element for mobilizing resources for public and private investment. We greatly appreciate the steps taken by the international community to resolve the problem of unsustainable debt of the highly indebted poor countries in the framework of enhanced HIPC Initiative. This initiative is expected to provide broader, faster and deeper debt relief and is premised on the assumption that once a HIPC country reaches completion point, its debt becomes sustainable.

This assumption, however, raises a number of issues which need to be considered. At completion point, the debt relief delivered is only that of the Multilateral Financial Institutions and the Paris Club creditors. Non-Paris Club creditors, including commer-

cial creditors are not providing relief as assumed in the debt sustainability analysis. Exclusion of domestic debt and contingent liabilities in the debt sustainability analysis is a concern of the HIPC's, because of its implications for fiscal resources available for financing poverty reduction. We encourage donors to provide financial assistance, to the extent possible through grants. In this connection we have taken keen interest in the United States' proposal to 'stop-the-debt' for the poorest countries. We eagerly look forward to gaining more understanding of the proposal.

Tanzania like many other countries does recognize the role and importance of trade in promoting faster economic growth and development of nations. However, in the case of Least Developed Countries, the key issue in trade development is the need to address supply side constraints. The market access opportunities for LDCs can only be effective if LDCs are assisted to build their capacities to produce tradable goods of higher value and acceptable quality at competitive cost. Certainly I do not foresee a prosperous, modern, poverty-free and debt-sustaining Sub-Saharan Africa surviving on exports of raw cashew nuts, coffee, tea, cotton, cocoa, while importing everything else in the form of industrial goods from abroad, using the foreign exchange earned from primary exports.

Assisting LDCs in this regard is in line with the Programme of Action adopted in Brussels and as reiterated at the WTO Ministerial Meeting in Doha in November 2001. It is therefore in order that the Monterrey Conference adds its voice on the need to assist LDCs to build their capacities to fully utilize their potential. In this respect Tanzania welcomes assistance from our cooperating partners in the development of physical infrastructure to open up the potential in the agricultural sector; to assist in value addition especially in agro-processing and manufacturing in general and to provide technical assistance and training through the Integrated Framework for Trade Development. Such assistance is crucial if we are to be fully integrated in the Multilateral Trading System.

Despite measures to grant tax and quota-free access to European and American markets exports from developing countries face trade barriers because of subsidies exercised by developed countries and other non-tariff barriers such as use of environmental issues by the same. Subsidies for agricultural products pose an impossible challenge in, our attempts to export farm produce to European mar-

kets. And, yet it is in this area where we have comparative advantages if given an opportunity for fair competition. We look forward to the day when this hurdle will be removed.

Globalization can only be an opportunity to all nations of the world if developing countries are given a fair chance, within the rules based on multilateral trading system, to enhance their production capacities and to have predictable access for their products and services. A scenario which developing countries are required to open up their markets without meaningful access opportunities into the markets of developed countries, inevitably leads to de-industrialization in developing countries. This has debilitating consequences in terms of growth, employment and the whole fight against poverty.

The role of Foreign Direct Investment as an important instrument for implementing the MDGs cannot be over emphasized. Low levels of FDI flows to the developing countries are not justifiable and, if left to continue, the poverty situation in our countries will not change. We expect this Conference to play a catalytic role in encouraging increased flows. The majority of countries have carried out political, social and economic reforms. A climate for investment is conducive and returns are good. We appeal to Governments of developed countries to take a more proactive role in encouraging their private sector to direct more investments to developing countries.

The media also has an important role to play in this regard. The Western media for example could give a place to the numerous positive things happening in Africa instead of always portraying it as a continent of conflicts and diseases. I believe this could pay dividends in terms of increased investments, trade and tourism.

In conclusion, my delegation considers the Monterrey Conference as so critical to our common future that we cannot afford to fail. This Conference represents a new dawn in the new millennium. My delegation expects to see demonstrable commitment on the part of developed countries to increase resources for the fight against poverty. We also expect that those of us from developing countries will make strong commitments to do our best to increase domestic resource mobilization, uphold the principle of rule of law and good governance, intensify the fight against corruption and put in place conducive environment to improve effectiveness of aid and attract investments.

I believe we will succeed. "It can be done; play your part."

Trinidad and Tobago

Statement by
Mrs. Sheelagh de Osuna
Chairperson of the delegation of the Republic of
Trinidad and Tobago

On behalf of the Government of the Republic of Trinidad and Tobago, I wish to thank the Government of Mexico for hosting this Conference and to express our appreciation for the kind hospitality offered in this beautiful city of Monterrey.

The realization of this Conference marks, we hope, a concrete step towards the fulfillment of the Millennium Development goals to which we were all committed. It is also fundamental to the implementation of the Plans of Actions adopted at the various UN Conferences to achieve sustainable development. As many others have stressed, Monterrey is not an end in itself but just a beginning. Much remains to be done. Trinidad and Tobago fully supports the Consensus.

Resource mobilization

Resource mobilization at the national, regional and international levels are central to the development of small island developing states. Trinidad and Tobago has consequently given priority to the mobilization of domestic and international resources within an overall macroeconomic policy which encourages the creation of a competitive business environment. For more than 15 years the Government has maintained those policies that were conducive to the generation of savings and the attraction of local and foreign investments. Our focus has been on the creation of an institutional, legislative and administrative framework that is investment friendly.

Success in domestic resource mobilization is however heavily dependent on the external environment and linked to success in accessing the markets of developed countries. Many of the factors, which preclude foreign investment flows, lie outside of our control. Trinidad and Tobago faces the particular problem of attracting foreign investment in the non-oil sector which affects the overall development of social infrastructure. FDI tends to flow where profits are highest and not in all instances where a sound policy for the creation of a hospitable local environment exists. The challenge for the international community, including

the multilateral financial institutions, is to facilitate stronger public-private sector partnerships so that foreign investment is made more supportive of national development goals.

Debt

Trinidad and Tobago applauds the recognition given to the importance of sustainable debt financing. We therefore support the call for further initiatives to reduce outstanding indebtedness by major stakeholders. However, as a small island developing country, which, paradoxically, is also a significant creditor, in relative terms, we implore the multilateral community to ensure that in the implementation of any further debt relief no additional burden is placed on countries such as ours. The cost of existing international debt relief efforts has been far too burdensome on Trinidad and Tobago, when these obligations are viewed in relation to relevant macroeconomic indicators.

We also support calls for debt relief to be extended to middle-income countries, thus freeing up resources to finance critical areas such as health and education. Countries in our region utilize a significant portion of their GDP to meet debt servicing requirements while being confronted with major development challenges, such as the fight against the HIV/AIDS pandemic, drug-related crime and youth underemployment.

Trade

Trade remains an essential element for generating income to meet development goals. While safety and security concerns have become a high priority of the international community, the fact remains that there can be no peace without development. The international community must guarantee the strength and stability of commodity prices and improve trade access for small economies. It must also remove barriers to exports and eliminate trade-distorting policies, particularly agricultural subsidies.

Trinidad and Tobago is therefore encouraged by the spirit of the Doha Declaration which points to improved market access for agricultural goods, industrial products and services to benefit all members of the WTO. We also look forward to defining the modalities of a work programme for small economies.

I turn now to the special situation of Small Island Developing States (SIDS). Heads of State and Government resolved at the Millennium Summit to implement “rapidly and in full” the 1994 Barbados Programme of Action and the 1999 outcome of the Twenty-second special session of the General Assembly on SIDS. It is now universally acknowledged that small states are particularly vulnerable to international developments and natural disasters. They need international support to meet goals of sustainable development.

Of highest priority to us is the finalization of a vulnerability index which has been called for by the UN General Assembly, the SIDS special session, the South Summit, and more recently, the 2000 Millennium Summit. This index will assist multilateral financial institutions to assess more effectively the needs of SIDS and to accelerate the provision of technical and financial assistance, the grant of trade preferences and development assistance which guarantee our economic sustainability.

Governance

Trinidad and Tobago is committed to good governance that is based on participation and the rule of law, with a strong focus on combating corruption. The Government is also committed to an improved and effective partnership with all stakeholders in the society to secure a stable environment for growth and development.

However, while we are committed to the principle of globalization and economic liberalization to make Trinidad and Tobago a highly developed small economy, we cannot ignore the harmful social and political impact that is associated with these phenomena. There is an urgent need to reshape the financial and trade institutions which guide the process of globalization. We must develop capacity and improve governance at both national and international levels to deal with these phenomena. There must be greater coherence in international policy-making given the interrelatedness of trade, monetary and financial policies with social and environmental issues. Indeed, “Coherence is the byword and goal of this conference”.

Trinidad and Tobago will do its part to meet our commitments in the Monterrey Consensus. Its success will ultimately depend on the ownership of it by Member States and the institutions we have created to deal with issues of development.

Turkey

Statement by
His Excellency Mr. Kemal Dervis
Minister of State, Republic of Turkey

We think it is highly important that we hereby declare that development guided by specific policies continue to dominate the world’s agenda. The pronouncement as well that industrialization for all countries, be it in different levels, is an important means for development efforts. Adopting foreign trade as the main instrument of development and industrialization will focus all nations towards a healthy globalization. For a transition to a market economy, it is necessary to concentrate on enhancing markets in developing countries as well as amending the malfunctioning aspects of the markets in a more orderly fashion.

Planning for a transition to a market economy has been on the world’s agenda since 1945 and many a beneficent implementation of it has been developed by the World Bank. We have sufficient need and grounds even today in building up supportive planning approaches for new sustainable development models serving free trade. Development plans are necessary for developing countries in their advancement targets and restructuring, that is above and beyond the growth rate and structure they themselves can afford. In fact, one of the most important vehicles of rapid change can indeed be a planned change.

Our proposals for achieving implementation effectivity are:

- That governments should stay clear of daily market functions except for the micro-guidance of the economy,
- That priority be given to arrangements for better governance at national levels,
- That special policies and models be launched to open real commerce markets (permanent, simulative and with high added value) to developing countries.

A dimension we would have liked to be included in the Monterey Consensus is that the group of G-20 be a part of the ‘Consensus’ as the body which, through regular meetings with specific agendas, designs proposals for all countries on development, management and financing.

Tuvalu

Statement by
His Excellency the Honourable Saufatu Sopoang
Minister of Finance, Economic Planning and
Industries, Tuvalu

Tuvalu shares the words of appreciation expressed to you, Your Excellency Mr. President, your Government and the people of Mexico, for your kind hospitality in hosting this Conference.

Like the currents of the vast Pacific Ocean expectantly reaching this great land, Tuvalu has come to Monterrey with great hope: That out of this great city there will emerge strong political will to address wealth, disparity and poverty, and create opportunities equitable to all.

A mere six months ago, the world, including we in the Pacific, were to be proven unfortunately through terror, that we cannot continue to see as normal a world where, according to the World Bank, less than 20 per cent of the population dominates 80 per cent of its wealth and dollar-income. Such a world has led to utter poverty and lack of opportunities amongst the disadvantaged; it has also allowed for human rights abuse and brewing of terror and insecurity worldwide. This situation is simply unacceptable, and we appeal for efforts to address it.

The principles and directions proposed in the outcome document for our consideration are well formulated. In our view, however, our mission here and the actions thereafter must remain focused on the ultimate goal of this Conference, and that is financing for development. Our success will be judged not on the rhetoric here, but on the partnerships and actions that will ensue post-Monterrey.

Partnerships on Financing for Development, in our opinion, can only be real and meaningful if properly contextualized to the peculiar situations of development partners based on mutual trust, understanding and respect of each other's roles and responsibilities. In our own small way, Tuvalu is committed to the principles of good governance, democracy and the rule of law and fully respects the rights of individuals, women and children, businesses and non-governmental bodies to participate in, and have access to, development.

Like the many extremes of the Small Island Developing States in the Pacific and in other regions of the world, however, the nature of poverty in Tuvalu is defined by its unique smallness, islandness, and isolation, which all translate into a series of vulnerabili-

ties. There is a wealth of spirit, and there are also potentials especially in our vast ocean resources. What challenges us most is the lack of opportunities to develop our people's ability in development let alone to integrate into the world economy.

Our capacity to develop solutions to the chronic problems of basic infrastructures particularly for transportation, affordable energy, freshwater supply, health services, quality education as well as to improve institutional regulatory, financial and management frameworks, moreover, is highly limited due to the lack of financial and technical resources. These basic handicaps are made even worse by environmental risks of global warming and sea-level rise for which the vulnerability of Tuvalu is well known. They have made our islands highly unattractive to any foreign direct investment. In these regards, every measure to reduce costs and mitigate risks through innovative partnerships for economic growth, and particularly for the long-term security and survival of SIDS will be greatly useful and appreciated.

Clearly, overseas development aid is indispensable to the development of Small Island developing States like Tuvalu. For us ODA has been, and is the development budget. The sustenance of vital services to our people through innovative partnerships such as the Tuvalu Trust Fund would not have been possible without ODA, and I would like at this juncture to acknowledge with sincerity Tuvalu's appreciation to all its development partners, particularly Australia, New Zealand, United Kingdom, Japan, the European Union and the Republic of China on Taiwan.**

We are, however, extremely worried by the overall continuing decline in ODA. We are therefore heartened by the US initiative of substantial aid to developing countries, and hope that some of it would trickle across to the Pacific islands. On the latter, and particularly in the advent of continuing reduction in the global volume of ODA, every legitimate source and proven commitment to international efforts against poverty and insecurity must be welcome. The substantial contribution that the Republic of China on Taiwan has made to international development in practically all regions of the world, in our view, should be recognized. The United Nations and its specialized agencies can no longer ignore the reality of the fact that the ROC has been and will continue to be a

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responsible player in international affairs. We strongly feel it is time that proper representation of the ROC in these bodies is allowed to be seriously considered.

On the effectiveness of aid, there is a great need to improve procedures both for the formulation, procurement and implementation of projects and programmes to ensure that they are locally owned and not donor-driven. Experience has shown that projects with direct ownership by the local people and communities have higher chances of success than those formulated without proper dialogues and consultations.

Moreover, our experience in the Pacific has also shown that the role that regional cooperation plays in development is extremely important. Partnerships with the collaboration of regional bodies to compliment national efforts, and through the creation of regional development financing facilities to address poverty of access to international financing are practical measures for us, and need to be seriously considered.

Finally, the role of overseas employment and remittances in small and vulnerable economies like Tuvalu is also vitally important. We therefore appeal that ODA be also complimented through innovative schemes of overseas employment and reduction in costs of transfer of remittances from migrant workers. Partnerships to address this will be useful particularly to SIDS.

Whilst appreciative that each country has the primary responsibility for its own development, it cannot be overstated that for SIDS like Tuvalu, sustained economic growth and development are restrained by the realities of life endowed on us. Left on our own, our long-term survival cannot be assured. The proposed 'Monterrey Consensus' must translate into fulfilling our hope for a more prosperous and secure world for our children. We fully support its adoption.

Ukraine

Statement by
Mr. Volodymyr Pershyn
State Secretary, Ministry of Economy and for
European Integration, Ukraine*

First of all, I would like to say how grateful we are to the Government of Mexico for giving me a chance to speak at this conference.

I would like to say that the processes of ever-increasing globalization require that the entire world pool its efforts so that we ensure a more just distribution of the results of our work and we overcome the gap that exists between the more developed and less developed countries in the world. The fact that we share responsibility to create the conditions for sustainable development that we have seen in Monterrey and has been expressed by the Heads of State and Government, leaders of international organizations and representatives of business and civil society.

The implications of the terrorist acts of 11 September have shown how the political and economic processes are interrelated. These events have slowed down the economy and led to the reduction in exports and a lowering of prices for raw materials as well as flows of private investment, which have been negatively affected. This has had a terrible impact on the poorest countries and has required that we take measures to consolidate efforts to overcome the negative impacts on an economic level.

Now we have an opportunity to take on these responsibilities, to implement what the Heads of State have said, in particular to defend the principles of equality, solidarity and social justice and to achieve the important goal of reducing by 50 per cent, between now and 2015, the number of poor people.

Ukraine welcomes the contribution made by the United Nations in this conference and the key role it has played in bringing together all the participants for financing for development, including donors and recipients and civil society and the private sector.

* The text of this statement has been transcribed from audio recordings, as the original was not submitted to the Secretariat

The draft of the Monterrey Consensus was the result of the worthwhile work and cooperation of all participants of the preparatory conference – the fact that we agreed to provisions that will enshrine the interests of all countries, which will enable us to take an optimistic look at the future and will serve as a guiding map for the future work. We welcome the principles in the document, which will help us mobilize and make better use of money for developmental purposes inside countries and in the international capital sector and will help us fine-tune our Governments and improve the situation. It is also very important to see that we share our experience so that we can fight corruption at all levels, which is a major obstacle to the distribution of resources.

Ukraine wants to step up United Nations activity and that of international financial institutions such as the World Bank, the International Monetary Fund, regional banks, the European Bank for Reconstruction and Development, and the Eastern European and Ukrainian banks in order to make better use of the potential of these institutions in order to implement market-oriented reforms, resolve social and economic issues and the problems of developing countries and the transitional economies.

One of the major obstacles for Ukraine is the complex of problems having to do with structural economic reforms and the long-term impact of the Chernobyl catastrophe. It is no exaggeration to say that it had a worldwide impact. I would like to thank the international organizations and governments that have stated their willingness to help us with this catastrophe, and I hope that they will be living up to their obligations.

An important role in this developmental process would be a non-discriminatory system for trade. Eliminating protectionist barriers for transition economies for their exports, the exports of their goods and services as well as a significant liberalization of trade will have a positive impact on promoting the process of development in these countries.

We hope that the Monterrey conference will build on the success of the meeting in Doha, which decided on having a new round of trade negotiations devoted to development. The Monterrey Consensus is an expression of the willingness of all the stakeholders to engage in a process of improving the world, and for Ukraine this is one of the priorities of our foreign economic policy. It would also be a positive thing to create conditions whereby we could all live up to our obligations.

The future of humanity, where we will try to ensure the right to dignity, requires that we act in a vigorous way, consistently, and develop the prospects in a realistic way, based on the Monterrey Consensus. It depends on our willingness and ability to pool our efforts aimed at strengthening our worldwide alliance on the different global and regional levels. I hope that the Monterrey Conference will be successful and help us improve on the situation for development.

United Arab Emirates

Statement by
His Excellency Mr. Abdulaziz Nasser R. Al-Shami
Ambassador and Permanent Representative to the
United Nations of the United Arab Emirates

I have the pleasure to convey to the Government and People of the Republic of Mexico, on behalf of the United Arab Emirates, our sincere thanks for its gracious hosting of this historical conference. I should also like to express our deep appreciation to the members of the preparatory committee for the effective efforts they have exerted, efforts which have contributed to the success of this conference. I should also like to take this opportunity to express our appreciation to Secretary-General Kofi Annan for his series of reports on development which contain valuable and useful information. I would also like to express our support for the statement made by Venezuela on behalf of the Group of the 77 and China.

Despite the relative improvement which has occurred during the Nineties on the economic and financial conditions in many areas of the world, affected by the repercussions of globalization, open markets, the development of modern technological information and communication instruments, these positive results have not affected the peoples of the third world countries who continue to face the results of the growing decline in the growth rates, the increase in the problems related to the spread of poverty, hunger, unemployment, infectious diseases and other challenges of the burden of debt and the continued decrease of the National Income. This matter contributed to the marginalization of these countries and widening the gap between them and the countries of the North, and also providing a state of inequality and unevenness in opportunities and prosperity between the two groups of peoples.

The latest international statistics have proved that the initiatives and efforts exerted to date since the adoption of the twenty first century agenda in the fields of energizing sustainable development have all proceeded in an extremely slow pace. In addition to that, their results have not been up to the necessary expected standards due to their lack of systematic planning, necessary financial resources and their clashing with bureaucratic conditions and regulations that many countries and granting international financial institutions continue to practice towards developing countries, in particular those that suffer from the accumulation of foreign debt and the decrease of financial resources for basic service programmes for their peoples. We, therefore, reaffirm the need for the international community to find the necessary political will to commit to a clear comprehensive strategy to finance development in developing countries. This strategy should be in accordance with the principles of transparency, equality, the exchange of interests among countries, and the acknowledgement of the right of developing and small countries to effectively participate in international economic decision-making while taking into consideration the need to respect the characteristics that separately distinguish each country and geographical area.

In this context, we also believe in the necessity to promote the aspects of economic and technical cooperation among the South-South countries and that the governments of these countries undertake their principle roles in the field of developing local resource mobilization programmes and preparing the appropriate conditions to encourage the influx of financing for their national development programmes. At the same time, we demand that the developed countries and donating international institutions bear their responsibilities within the framework of three principle elements, which are:

- Firstly, the implementation of the commitment to earmark 0.7 per cent of their Gross National Product as official developmental assistance for developing countries, and also to earmark 0.15-0.20 per cent to the less developed countries during this decade, in addition to increasing other kinds of unofficial assistance and improving the means of delivering it to the benefiting countries.

- Secondly, the application of innovative mechanisms to deal with the problem of foreign loans, particularly for the less developed countries either by the reduction, cancellation, mobilization or change of these loans as resources to finance the branches of development in these countries.

- Thirdly, the establishment of a multilateral comprehensive commercial system in accordance with the principles of non-discrimination and fairness among countries which ensures the delivery of developing country exports to international markets, the attraction of capital influx, foreign investments and modern technologies used for peaceful purposes.

We consider that the occurrence of struggles and continued practices of occupation and terrorism are the most important obstacles that hinder the implementation and financing of development. We, therefore, demand the international community to take the necessary procedures to urge the Israeli government to immediately and urgently halt all outrageous occupation and settlement practices and attacks inside the Palestinian territories including the Arabic city of Al-Quds. We also demand the Israeli government halt its barbaric, unethical and irresponsible destruction of the Palestinian national development institutions which have all been built with financing from grants and financial assistance from donating countries and international institutions, the Emirates being one of them.

The United Arab Emirates has adhered, in accordance with the sublime directives of His Highness Sheikh Zayed Bin Sultan Al Nahyan, President of the UAE, to the establishment of legal and financial rules and regulations which govern national policies in regards to macroeconomics and the participation in one way or another in mobilizing and developing local financial resources. In addition to developing the productive capabilities and skills of the citizen of the Emirates, increasing work opportunities, encouraging different investments and markets, increasing the participation of the private sector and other aspects to enhance social, economic, cultural and environmental sustainable development. The United Arab Emirates has adhered, in accordance with its faith in the spirit of regional and international participation to offering various kinds of financial and technical assistance, grants and loans to many developing and poor countries to assist them in enhancing their development programmes. The Emirates has also participated in offering humanitarian and relief assistance including those allotted to re-building and clearing mines in effected areas.

In conclusion, we voice our support to the recommendations which call for developing the mechanisms of coordination between the United Nations and other multilateral financial and economic institutions such as the World Bank, the International Monetary Fund, the World Trade Organization and

others in order to enhance their roles in the fields of reforming and developing the international financial system and mobilizing necessary financial resources to implement the mechanisms and programmes to eliminate poverty and hunger in addition to meeting the needs of social and economic growth and protecting the environment as principle factors to achieve sustainable development.

United Kingdom of Great Britain and Northern Ireland

Statement by
Mr. Barrie Ireton
Chairman of the Delegation, the United Kingdom of
Great Britain and Northern Ireland*

I will indeed be extremely brief. I would just like on behalf of the United Kingdom to make very few points as Monterrey draws to a close. Firstly, perhaps I could say there have been a number of excellent national interventions, and I am sure that if my own Minister, Clare Short, were here, or indeed Gordon Brown, our Chancellor, they would have been the first to have applauded the enthusiastic way in which our Dutch colleague encourages all – rich and poor – to live up to Monterrey.

We believe the Monterrey Consensus is a good one. We endorse it. We think it is a good basis for mobilizing resources, domestic and external, to achieve the Millennium Development Goals (MDGs). We must get on with implementation. We need effective monitoring processes, preferably based on the United Nations process of annual reporting on progress towards the MDGs.

We are determined to press for an early adoption of improved trade regimes based on Doha to allow developing countries to participate in the world economy on fair terms. We think that it is important to find concrete ways of implementing commitments made here and also in the European Union Barcelona conclusions to strengthen the voice of developing countries in the international financial architecture.

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We will also continue to call for an agreement to release the Fourth Amendment Special Drawing Rights (SDR) allocation, which would generate additional significant resources for development.

Like others, I would just like to say that we firmly believe that no country seriously committed to poverty reduction and the Millennium Development Goals, based on sound poverty-reduction strategies and good governance, should be denied the chance of achieving those goals through lack of resources. This was said at Dakar in regard to universal primary education. This commitment goes much further and, I think, reflects the sound nature of the partnership we have forged at Monterrey. It is a challenge for all of us.

We therefore welcome the commitments made on aid volume from the European Union and also the United States. The United Kingdom itself is committed to substantial increases in aid volume and in its ration of official development assistance to gross national product year to year. We will play our full part in delivering the European Union commitment to produce an additional \$7 billion per annum by 2006. We regard this as a very important step towards the 0.7 per cent target.

Finally, may I just say that we need then to use the World Summit on Sustainable Development in Johannesburg to build on what we have achieved here and, at that point, renew our determination to eradicate poverty on a sustainable basis.

Viet Nam

Statement by
Mr. Tran Xuan Gia
Minister of Planning and Investment of the
Socialist Republic of Viet Nam

In recent years, Viet Nam is known to the world as a country of reform and integration with significant initial successes in socio-economic development, hunger eradication and poverty reduction. The number people living in poverty reduced by more than a half in 10 years from 1990 to 2000 is a significant achievement of the reform process, including reform in development cooperation, a result of the joint efforts by the government, the authorities at different administrative levels, the domestic population at large and the international community, especially the donors' community. The Vietnamese delegation therefore highly appre-

ciates that this conference has put emphasis on promotion and improvement on effectiveness of development aid to take the world through challenges and to successfully implement the development goals set forth at the Millennium Summit.

During the 1990s, Viet Nam successfully implemented the '1991-2000 socio-economic stabilization and development strategy'. At present, Viet Nam is proceeding with implementation of the 10-year socio-economic development strategy 2001-2010 and the 5-year socio-economic development plan 2001-2005. During development and implementation of these socio-economic development strategies and plans, hunger eradication and poverty reduction has always been linked closely with development and growth and vice-versa.

The fast economic growth with an average GDP growth of 7% per annum in the 10 years 1990-2000, together with the appropriate policy of distribution of income, have constituted a decisive element for the success of hunger eradication and poverty reduction processes in Viet Nam. The high economic growth itself has created more jobs and generated higher incomes for the poor. The successes in development and the fight against poverty is the result of Viet Nam's determination to reform and the pro-active approach to economic integration, promotion to build a market economy with an economic structure that enables each sector, each region and each economic participant to take full advantage of their own comparative advantage to develop effectively; promote, thus allowing mobilization of national resources, domestic and external for development investments.

During development and the process of poverty reduction, Viet Nam has received significant and effective development aid from the international community. We highly appreciate and would like to express our sincere thanks to such valuable assistance and cooperation. Thanks to the close coordination between the Vietnamese Government and its local authorities with overseas governments and international organizations, the development resources have been effectively utilized, focusing on priority areas of socio-economic development in Viet Nam.

However, Viet Nam is still facing many challenges in hunger eradication and poverty reduction efforts given that GDP per capita is a mere US \$450 per annum and there are yet a large number of people with income of just US \$1 a day. To overcome such challenges, Viet Nam adopts a policy to, on the one hand, mobilize internal resources, taken as the decisive resource and, on the other hand, expand and improve

the effectiveness of international cooperation, including foreign direct investment (FDI), official development assistance as well as international trade.

Internal resources mobilized include not only government finance, but also, and more importantly, private finance as well as contributions from the local community benefiting from development assistance.

To attract foreign direct investments, Viet Nam continues to improve the investment climate to be more open, more attractive and more competitive. To expand international trade, Viet Nam is actively negotiating for accession to WTO and hence requests the support from countries around the world as expressed in the Monterrey Consensus.

We would like to call for more official development assistance (ODA) from international donors community. The 10 years of development cooperation (ODA) have left us with many valuable experiences, i.e. the Government, together with the donors, must correctly identify the objective and policy for ODA which must be kept in line with the objectives of the socio-economic development strategy of Viet Nam; a sound legal framework for effective management and use of ODA must be completed, thus harmonizing the procedures of Viet Nam and the donors.

The actual development assistance and poverty reduction in Viet Nam have reflected that the observation and recommendations at this Monterrey Conference are essentially appropriate. The Vietnamese delegation welcomes and highly appreciates the consensus reached at the Conference.

We agree and share the views with many delegates at the Conference on the need to have more concrete commitment for rapid increase in financial resources to meet the demand for reaching the Millennium Goals.

We also agree with the proposals for the improvement and effective use of development aid based on adjustment of fund allocation to the right target group, keeping in line with the needs and the development strategy of recipient countries, avoiding imposition and honouring the respect for ownership of recipient countries, since we believe that as assistance from developed countries to developing countries is for a better world and for themselves.

Yemen

Statement by
His Excellency Mr. Ahmed Mohamed Sofan
Minister of Planning and Development, Republic of
Yemen*

The delegation of the Republic of Yemen agrees in general with the principles, ideas and measures contained in the Monterrey Consensus document, including those related to justice, solidarity and shared responsibility, as well as the recognition of diverse national cultural circumstances and the independence of economic policies and national development strategies.

We also agree that we must pool our resources and release our political will by committing ourselves to achieving the objectives of international development, on the basis of a new partnership between developed and developing countries. Our countries must adopt the right policies by pooling domestic resources and attracting international flows that encourage international trade as an engine for development. We must also increase international cooperation, financing and technical cooperation for development, cancelling foreign debt and improving the international fiscal, financial and trade systems.

We affirm our recognition of the main responsibility of social, economic and national development and the priority roles of national policies and development strategies. But at the same time, we must recognize interdependence between domestic economies and the international economy in a way that reinforces the determination of partners for development to provide a propitious economic environment and development frameworks at the regional level.

The set of challenges engendered by globalization is so complicated that we can take measures only at the national level. It has also become clear that our national efforts require a complimentary international economic environment. As I said, that demonstrates the interdependence between the national and international economies. A comprehensive approach is required to face these interdependent challenges, particularly in financing for development.

As participants know, Yemen is one of the least developed countries. Therefore, it is pursuing a process of comprehensive development under very

difficult circumstances because of the scarcity of resources that are necessary to finance development. It is doing this with a view to allocating development financing for investment to support an infrastructure for expenditure in the service sector, where greater expenditure was required after the Yemeni union in 1990.

The Government is pursuing a comprehensive policy for development in all economic, social and political spheres. Our national economic reform programme in the areas of finance and cooperation with international institutions is six years old. Reform measures for restructuring and financial stability are aimed at reducing the budget deficit by providing the necessary currencies and moving investments. In this regard, we have adopted legislation on investment and regulations that ensure a smooth process for investors. Much commercial legislation has already entered into force.

Yemen awaits full membership in the World Trade Organization, having satisfied all the necessary conditions for it. We are now pooling our resources for development domestically and in cooperation with our partners at the bilateral and multilateral levels. It is also worth noting that among the more important development objectives for our Government are those related to combating poverty, in keeping with the objectives of the Millennium Declaration. Yemen will become the first country in the Middle East and Africa to issue, at the end of March 2002, the first poverty reduction strategy, which will improve the living standards of the entire population, as well as human resource and development programmes.

Yemen has adopted a governance-approach based on democracy and respect for human rights. Our system is based on political pluralism and development of greater political participation in decision-making. Parliamentary elections are held at the governorate and provincial levels, and we have adopted decentralization measures. The first elections in that regard have been held.

In accordance with our President's instructions, I wish to highlight here a new policy adopted by the Government of Yemen, on two of the most important issues of this Conference: corruption and good governance.

In conclusion, holding this Conference following major preparatory efforts and the important political document representing the universal response to challenges of financing for development is only an initial step on the road to strengthening international cooperation for development and the mobilization of resources needed by developing countries to join the globalized international economy.

* The text of this statement has been transcribed from audio recordings, as the original was not submitted to the Secretariat.

Achieving the objectives of the Monterrey Consensus will be possible only through exercising determination and political will. This will provide impetus to multilateral and international cooperation for development, lead to the stability and prosperity of peoples and ensure international peace and security. I wish the Conference every success.

Yugoslavia

Statement by
Her Excellency Mrs. Jelica Minic
Assistant Minister For Foreign Affairs, the Federal
Republic of Yugoslavia

I would like to join the previous speakers in congratulating the Government of Mexico on the excellent organization of this important meeting, held under the auspices of the United Nations.

The final document, entitled the Monterrey Consensus, which is before us, is of extreme importance as it will contribute to mobilize funds for development and reach a firm consensus of all participants on a large number of issues.

No doubt, financing for development has to be carried out primarily from domestic resources. Although foreign financial support should not replace efforts to ensure domestic resources, it has to be a catalyst in the development of developing countries and countries with economies in transition. Without foreign capital inflow it is not possible to carry out the necessary economic and political reforms. However, the terms for foreign financial support and assistance have to be adjusted to the local situation in order to be effective.

Allow me to touch upon the importance of development financing for the Federal Republic (FR) of Yugoslavia. After more than a decade of serious regional instability, wars, economic sanctions, mismanagement and corruption, which drastically crippled its economy, the FR of Yugoslavia has embarked upon radical economic and political reforms which will surely contribute to economic and political stability of our region and Europe at large.

The Yugoslav Government has adopted and started to implement a programme of economic reform whose goal is the achievement of macroeconomic stability and structural reforms needed for the successful market economy. Direct foreign investment

and trade are necessary to make this programme work. The FR of Yugoslavia needs assistance. However, we stand ready to implement all necessary measures at the domestic level to replace this assistance as soon as possible with trade and direct foreign investment.

For the new democratic authorities in the FR of Yugoslavia it is an imperative to deal with the enormous burden of the Yugoslav foreign debt. The new authorities were therefore compelled to seek a reduction of foreign debt on terms enabling Yugoslav economy to achieve a sustainable development in line with the programme of structural adjustment supported by the IMF. In this transitional phase, which we consider temporary, when many problems inherited from the past have to be resolved, we need the support and assistance of the international community.

We fully support the reform of the international financial architecture, which should contribute to sustainable development in a more concrete way. We join the efforts aimed at finding a pragmatic and innovative way to promote further efficient participation of developing countries and countries with economies in transition in international dialogues and decision-making processes. It is the only way to make globalization beneficial to all.

The FR of Yugoslavia is committed to the strengthening of the role of the United Nations in international relations. The UN has a crucial importance in the promotion of international cooperation for development. We support and encourage close cooperation among the United Nations, World Bank, International Monetary Fund and the World Trade Organization.

Finally, allow me to emphasize the importance of a follow-up conference and the need to use financial resources as efficiently as possible in order to achieve the goals listed in the Millennium Declaration; elimination of poverty, improvement of social conditions, raising living standards and protection of the environment.

Zambia

Statement by
His Excellency Mr. Patrick Kalifungwa, M.P.
Deputy Minister of Finance and National Planning,
Republic of Zambia

Allow me to begin by joining other delegates in congratulating you, Mr. President, for convening this very important global Conference on Financing for Development. I would also like to commend and thank the Secretary-General of the United Nations, Mr. Kofi Annan for his personal commitment and unprecedented leadership to the global problem of financing development. Your leadership inspires us. Permit me, too, to record my thanks and gratitude to the Mexican Government for according my delegation and me a warm welcome and providing us with comfortable accommodation in this beautiful city of their great country.

The holding of this conference is long overdue. There are at least three reasons why I hold this view. Firstly, in the last half century, the world has witnessed extraordinary economic and social gains in many countries. The economic well-being of many of the world's population measured by per capita incomes and life expectancy has improved significantly.

The gains witnessed at the global level have however been marked by regional disparities. While the developed countries and some developing countries have made phenomenal gains, both economically and socially, the situation in much of the developing world does not match what has been achieved at the global level.

Several of the developing countries are experiencing a regression in their economic and social well-being, while others have only witnessed slow progress. Today, about one-fifth of the world's population survives on less than a dollar per day. In fact, in many of the Sub-Saharan African countries, the gains made in economic progress in the sixties have actually been reversed. This conference is faced with the challenge of mapping out strategies for putting these countries back on the path of growth and development, including the financing of this growth and development in order to make it a reality.

Secondly, the paradigm of external aid as an engine for development seems to have broken down over the last forty years for a number of countries, especially for the majority of countries in Sub-Saharan Africa. By some estimates, less than 35 per cent of overseas development assistance (ODA) goes to developing countries' financing of investment.

The larger share goes towards the administration of aid, both in the recipient and the donor country. For most developing countries, it seems that it is what donors think that determines aid policy (and outcomes). Official development goods may not cost money, but often, under the current arrangements, they entail some loss of sovereignty on the part of the recipient country.

This loss in sovereignty explains, in part, the ineffectiveness of aid experienced in a number of Sub-Saharan African countries. These arrangements are in need of an overhaul. And this conference presents a great opportunity for achieving a consensus on how these arrangements should be structured to better serve mankind, through accelerating the economic and social progress of poor countries. Today there is an unprecedented frankness in examining the record, identifying best practices, and forging new modalities for cooperation.

Thirdly, globalization – that new phenomenon of economic and social progress – is further threatening to put the countries of Sub-Saharan Africa at the periphery of world economic activity. Their share of world trade has dropped from about 3.2 per cent in 1981 to less than 1 per cent by 2000. This conference offers the world at large a timely and unique occasion to examine how globalization can be made to work for the good of all mankind and how the Millennium Development Goals might be realistically reached.

Having said this, I would like to make the following six points that relate and correspond to the themes of this conference:

- My first point relates to domestic resource mobilization. The question that comes to my mind is how should domestic resources be mobilized so as to engineer long-term sustainable growth and poverty reduction? It is almost a truism that developing countries need to increase gross domestic savings to at least 30 per cent of GDP and gross domestic investment levels to 30-33 per cent of GDP in order to achieve growth rates of 7-8 per cent annually so as to have any prospect of reversing divergence between their per capita incomes and those of the developed

countries. There are no other short cuts. In Zambia, we are now convinced that for a mobilization of such proportions to be successful, it needs to go hand in hand with a renewed emphasis on modern agriculture as a basis for industrialization and poverty reduction. Agriculture must get new attention, both in development cooperation and in domestic resource allocation.

- My next point almost follows from the first. In the wake of the new trade round that was launched at Doha, the commitments by developed countries to open their agricultural and textile markets to developing countries need to be correspondingly implemented. Developed countries ought to reduce agricultural subsidies that artificially depress the prices for Africa's agricultural produce. To do anything other than this will further marginalize the countries of Sub-Saharan Africa, and consign them to the spectre of an ever-declining share of world trade and economic activity. Further, low-income developing countries and small island states need to be assisted with the significant incremental administrative costs they have had to incur in coping with the implementation of the Uruguay Round agreements. These countries simply cannot cope by themselves.

It is through increased international trade that Africa will develop. Export is the means for obtaining long-term investment and finance. It is the necessary engine for growth. However for this to come about, African products need much-improved access to international markets. Africa faces too many barriers to the sale of its products internationally, especially for processed primary products where Africa may have a competitive edge. Quite clearly, a range of measures within the WTO framework and bilaterally with trading partners are required to level the playing field in some areas, and to provide for preferential treatment in others.

- The third point I am making is that, private capital flows are crucially important if growth of 7-8 per cent per annum in developing countries is going to be financed. The bulk of that growth can only be financed by private capital flows, which can provide the long-term finance required for economic growth and poverty reduction is the private sector, both national and international.

If we hold the view that private capital flows can be harmful, then let us research into ways in which we can minimize on the downside risks associated with private capital flows and maximize on the possible benefits. In fact, over the last ten years, private capital flows have grown considerably to rival ODA flows for some developing countries. It is now beyond dispute that business and markets are the cornerstone

of development. They are also the essential means of achieving a transition from ODA dependence to sustainable internally generated growth based on a vibrant and competitive private sector that plays a key role in lifting people out of poverty.

- The fourth point is that overseas development assistance (ODA) has perverse incentives for the recipient country, if that country is not conscious of what role ODA should play in the economy. If a developing country gives up its vision or does not have one, someone else will supply that vision. When this happens, this is usually with disastrous consequences for the developing country. This calls for ownership and leadership of visions of development by the recipient countries of ODA. Elements of Zambia's vision on ODA include the belief that this should be targeted to reduce poverty and that all aid resources should be channelled through the national budget system. Aid resources that are channelled outside the national budget system tend to undermine it.

It is also a truism that Africa needs not only increased resource flows but also more effective utilization of those resources. More ODA is needed to help Africa fill its existing financing gap of approximately US \$10 billion per annum if it is to meet the Millennium Development Goals of halving poverty by 2015. (This figure excludes the estimated financing requirements to address the HIV/AIDS pandemic). Increased assistance should be targeted on countries that have a demonstrated capacity to use aid well, and should focus on priority areas.

- The next requirement is stable long-term resource flows to Africa and the predictability of donor support; these are key to the success of aid and economic management. Several leading donors are moving in this direction, simplifying and harmonizing their conditionalities and increasing the commitment horizons of their assistance. We applaud their efforts as they move in this direction, which is in line with the principles of the New Economic Partnership for African Development (NEPAD).

- A fifth point I would like to make is that for all the so-called Heavily Indebted Poor Countries (HIPCs), a rapid and sustainable exit from the debt crisis is essential. Current debt reduction initiatives need to be enhanced and speeded up, and financial assistance options need to be less reliant on loans, which have a risk of relapse into indebtedness. As they stand, current methods do not offer a permanent solution to a lasting exit from debt. The bottom line is that under the current arrangements, resources are not

being used to create productive capacity or create employment. This conference should look at the potential for new initiatives out of this quagmire of unsustainable debt.

This does not mean however that we should forget how the debt build-up came into being in the first place. Both lenders and borrowers engaged themselves in unproductive activities. There should however be an exit strategy out of debt so that this is not a permanent feature. There should be recognition that past regimes on both the lender and borrower countries did not use funds efficiently. This is what led to the debt build-up in the first instance. A move needs to be made towards higher levels of debt relief in order to dismantle Africa's debt, which is very small in absolute terms but very huge in relative terms.

- Finally, even as this conference looks at new measures to generate resources to finance development, it should also explore modalities of how developing countries can participate more effectively and meaningfully in the development process. This calls for global good governance to be put on the agenda. Zambia therefore supports present proposals to, "invigorate the UN system as a fundamental pillar for the promotion of international cooperation to make the global economic system work for all."

In this regard, there is need for the IMF and the World Bank – two of the most important pillars of the international monetary and financial architecture – to democratize their decision-making processes so that developing countries can fully participate in accordance with the emerging principles of good governance.

Let me close by urging the conference participants not to allow the forces unleashed by this conference to die here. We believe that this conference signifies the dawn of a new era where the inhabitants of the globe did not shy away from looking at the thorny issue of how the world can be made better for all. Let there be another follow-up to this conference to be held in the not so distant future – with at least the specific aim of measuring how far we would have gone on the path of equitable and all-encompassing development.

Chapter 5

Round Table Discussions

Ministerial-level and
Summit-level Round Tables
19-21 March 2002

Round
Table

Discussions



Round table discussions during the International Conference on Financing for Development at Monterrey, Mexico, 19-21 March 2002.

Ministerial-level and Summit-level Round Tables Summaries of Discussions

19-21 March 2002

Introduction

In accordance with General Assembly decision 56/445, round table sessions were held alongside the Ministerial-level and Summit-level segments of the International Conference on Financing for Development. The round tables were intended to encourage the free flow of ideas to take the discussion on key issues related to financing for development beyond the scope of country statements made at the plenary sessions. For this reason, too, the meetings were closed to the press.

Each day from Tuesday, 19 March 2002 to Thursday, 21 March 2002, the round tables considered different themes. On Tuesday, the Ministerial-level Round Tables discussed 'Partnerships in Financing for Development'; on Wednesday, the topic was 'Coherence for Development'; while on Thursday, the Summit-level Round Tables were invited to 'Look Ahead' and beyond the outcome of the Conference.

In keeping with the inclusive nature of the FfD process, all the stakeholders were represented at the round tables. From a maximum of seventy participants, forty-eight were government delegates, seven civil society representatives, seven business representatives, and eight representatives from international financial and economic institutions and other intergovernmental organizations.

In keeping with the tradition of the preparatory process of the conference, each round table was co-chaired to ensure balanced representation. In the case of the Ministerial Round Tables, the sessions were co-chaired by a Minister, selected by regional groups, and the head of a regional development

bank or regional commission, the head of UNCTAD, or the head of UNDP. At the Summit level, the round tables were co-chaired by Heads of State or Government representing different regions along with the heads of the World Bank, IMF, and WTO. Summit-level Round Table C4 was co-chaired by two Heads of State and Government.

The Co-Chairs opened the round tables with introductory statements. During the exchange of views, they sought to balance the interventions from each category of stakeholder. At the end of the three-hour session, the Co-Chairs orally presented their own initial summaries of the issues raised in the discussion. The following twelve summaries – eight from the Ministerial Round Tables and four from the Summit Round Tables – reflect the refinements introduced by the Co-Chairs as they developed a common view of the exchange of ideas during the round table discussions.

Ministerial Round Table A.1 Partnerships in Financing for Development Tuesday, 19 March 2002

Summary by the Co-Chairs

His Excellency Mr. Paa Kwesi Nduom
Minister for Economic Planning
and Regional Cooperation,
Ghana

His Excellency Mr. Charles Josselin
Minister for Cooperation and Francophonie,
France

Her Excellency Ms. Heidemarie Wieczorek-Zeul
Federal Minister of Economic Cooperation
and Development,
Germany

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 (ODA) 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 coun-

tries 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-private 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 Tuesday, 19 March 2002

Summary by the Co-Chairs

His Excellency Mr. Didier Operti-Badan
Minister of Foreign Affairs,
Uruguay

Mr Myoung-Ho Shin
Vice President, Asian Development Bank

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 agree-

ment 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 (ODA) 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/Organization 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

Tuesday, 19 March 2002

Summary by the Co-Chairs

His Excellency Mr. Shaukat Aziz
Minister of Finance, Pakistan

Mr. Mark Malloch Brown
Administrator of the United Nations Development Programme

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 con-

cept 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 (ODA) 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

Tuesday, 19 March 2002

Summary by the Co-Chairs

Mr. Mugur Isaescu
Governor of the National Bank of Romania

Mr. K.Y. Amoako
Executive Secretary of the Economic Commission
for Africa

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 (ODA), 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 catalyzing 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 Wednesday, 20 March 2002

Summary by the Co-Chairs

His Excellency Mr. Jan Kavan
Deputy Prime Minister and Minister of
Foreign Affairs of the Czech Republic

Mr. Rubens Ricupero
Secretary-General of the United Nations
Conference on Trade and Development

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 (ODA) were also highlighted. The participants argued that although in the 1990s the developed countries experienced strong growth, in that period the volume of ODA 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.

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.

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 Wednesday, 20 March 2002

Summary by the Co-Chairs

His Excellency Mr. Trevor Manuel
Minister of Finance,
South Africa

Her Excellency Ms. Eveline Herfkens
Minister for Development Cooperation,
Netherlands

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 (PRSPs) – 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 PRSPs 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 (WTO) 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 Organization 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** Wednesday, 20 March 2002

Summary by the Co-Chairs

His Excellency Mr. Ram Sharan Mahat
Minister of Finance,
Nepal

Mr. Enrique Iglesias
President of the Inter-American Development Bank

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 (ODA) 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 united.

Ministerial Round Table B.4 Coherence for Development Wednesday, 20 March 2002

Summary by the Co-Chairs

His Excellency Mr. Owen Arthur
Prime Minister and Minister for Finance
and Economic Affairs,
Barbados

Mr. Jean Lemierre
President of the European Bank for Reconstruction
and Development

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 (ODA) 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 reveal 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.

Summit Round Table C.1 Looking Ahead Thursday, 21 March 2002

Summary by the Co-Chairs

His Excellency Mr. Guy Verhofstadt
Prime Minister of Belgium

His Excellency Mr. José María Aznar López
President of the Government of Spain

Mr. James Wolfensohn
President of the World Bank

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 (ODA) 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 Thursday, 21 March 2002

Summary by the Co-Chairs

His Excellency Mr. Thabo Mbeki
President of South Africa

Mr. Horst Köhler
Managing Director of the
International Monetary Fund

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 (ODA) 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 (FDI). 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

Thursday, 21 March 2002

Summary by the Co-Chairs

His Excellency
Mr. Miguel Ángel Rodríguez Echeverría
President of the Republic of Costa Rica

His Excellency
Mr. Alejandro Toledo Manrique
President of the Republic of Peru

Mr. Mike Moore
Director-General of the World Trade Organization

1. After participating in the opening of the debate, Mr. 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 (ODA). 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 (WTO) 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 (FDI) 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 Thursday, 21 March 2002

Summary by the Co-Chairs

His Excellency Mr. Ion Iliescu
President of Romania

His Excellency Mr. Thaksin Shinawatra
Prime Minister of Thailand

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 grassroots 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 (ODA), trade and foreign direct investment (FDI) 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 (WTO) 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.



The NGO Global Forum on Financing the Right to Sustainable and Equitable Development convenes at the Fundidora Complex in Monterrey, Mexico.

Chapter 6

NGO Global Forum

14-16 March 2002

Financing the Right to Sustainable
and Equitable Development

Global
Forum

Discussions

Resolutions

Civil Society

Engagement in the International Conference on Financing for Development Monterrey, Mexico

In pursuit of the objective of encouraging multi-stakeholder participation and ownership of the financing for development process, civil society organizations were involved from the outset in providing inputs, expertise and proposals to Financing for Development.

In May 2001, civil society representatives attending the third Preparatory Committee meeting in New York, decided to hold an NGO Forum a few days prior to the Monterrey conference and use it as an opportunity to further the discussion on the proposals presented by civil society throughout the preparatory process. In particular, many NGOs wanted a forum to focus attention on issues such as innovative sources of finance and global public goods, economic, social, cultural and other human rights issues as well as the environment, gender, labour, and global economic governance.

The Global NGO Forum: Financing the Right to Sustainable and Equitable Development, held in Monterrey, 14-16 March 2002, adopted a final document that was presented at the Ministerial segment of the International Conference on Financing for Development on 18 March 2002 and is reproduced here.

The NGO Forum document also emphasizes that Civil Society organizations, with their diverse voices and priorities, should and will continue to be instrumental in the follow-up to the Monterrey Consensus, both in pressuring policy makers for better coherence at the institutional level and as partners in the attainment of the Millennium Development Goals. Member states have also agreed in the Monterrey Consensus to continue the engagement with civil society (paragraph 69 b).

Members of civil society and NGOs attended plenary sessions of the International Conference on Financing for Development and participated in the Ministerial and Summit-level round table discussions. On 22 March 2002, representatives of the NGO Global Forum delivered the civil society statement to the Final Summit Plenary session of the conference.



Ms. Laura Frade presents the Final Resolution of the NGO Global Forum to the International Conference on Financing for Development on 18 March 2002.

Final Resolution of the Global Forum: Financing the Right to Sustainable and Equitable Development 16 March 2002

The Monterrey Consensus offers no mechanisms to mobilize new financial resources to achieve the Millennium Development Goals.

For this reason, the organizations participating in the Global Forum on Financing the Right to Equitable and Sustainable Development are NOT part of the Monterrey Consensus. The participating organizations of the Global Forum would like to share the declaration which resulted from three days of intense work and participation by 2600 persons, 700 organizations and 80 countries from all the regions of the world.

Our Monterrey Declaration is a review of the negative economic, social, environmental gender and cultural impacts of the current neo-liberal policies. These policies are repeated again in the Monterrey 'consensus'. Our Monterrey Declaration is a statement of the visions and proposals for policies, which would serve humanity and the environment in which we live.

The City of Monterrey has been presented as a success story of globalization, but it is an example of the negative impacts of globalization on people, particularly the high social costs of production of the large-scale enterprises. These past days we heard testimonies of children dying of leukemia because of toxic waste in the environment, of sexual exploitation, of profit put ahead of humane working conditions, particularly those workers which served in the Fundidora of Monterrey. This is why we renamed the Coca-Cola Auditorium the Acero Fundidora (Steel Foundry), a monument to the surviving and the deceased workers of Monterrey, to the unemployed workers of Monterrey, to the displaced women workers.

The testimonies heard these past days demonstrate the vital need for a profound change in economic policies. An economy governed by human rights and environmental protections is an urgent necessity. The economy must serve society and fulfil and support human potential.

We do not approve of the prevailing economic model as prescribed by the World Bank, the IMF and WTO, and this message was communicated directly to the IMF and the World Bank during the Forum. The current model is not working for sustainable and equitable development. There is little evidence in the Monterrey Consensus of a will to change.

We emerged from the Global Forum with a set of common proposals for an alternative economic model that puts people in the centre of development. These are our common critiques, demands and proposals:

- The full enjoyment of human rights should be the objective of a new economic model for sustainable development with equity, equality and justice.
- Human rights, as they are included in the Human Rights Instruments of the United Nations and the ILO, should be the overarching framework and the objective to which these institutions, the World Bank, the IMF, the WTO should be accountable to the UN Commission of Human Rights.
- Currency transaction taxes must be collected as a means of financing development and as a means of stabilizing the international financial system.
- The framework of any financial support should include the principles of accountability, transparency, good governance and democratic civil society participation.
- No conditionality in ODA, debt and national development plans.
- Genuine and balanced partnerships in relations between governments in the context of bilateral and multilateral agreements are essential.
- The principles of transparency and accountability must apply in the process of economic decision-making at the local, national, regional and global levels.

Furthermore,

Mobilization of domestic resources and structural adjustment

We demand that states maintain autonomy as a pre-condition for the attainment of their development. Moreover economic decision-making should be democratized within countries in such a way that parliaments approve the decision which are currently taken behind closed doors between ministries of economics and trade, and multilateral financial institutions. The active participation of civil society in these processes must be guaranteed.

The mobilization of domestic resources cannot be separated from any other themes of the Financing for Development Conference, especially that of debt. The mobilization of financial resources must be carried out in a democratic and participatory manner at local, national, and international levels.

Debt and structural adjustment

Given that the responsibility for debt lies with the creditors, we call for the cancellation of external debt of the countries of the South, through a fair and transparent process of arbitration which protects human rights and the environment.

We call for a tax on currency transactions in that financing gender-sensitive sustainable development for the benefit, particularly of indigenous peoples, blacks, women and children, and which also contributes to financing of global public goods. We demand the immediate fulfillment of the commitment of 0.7% of GDP on the part of industrialized countries for ODA in order to obtain the Millennium Development Goals. All forms of conditionality should be eliminated, such as tied aid, and food aid, which undermines the productive capacity, and food security of countries. We call for the effective participation of civil society in the formulation and implementation of ODA projects.

Investment and trade

Foreign investment has not been and will not be a panacea unless investment helps development rather than destroys it. We demand the elimination of speculative activities which enrich a small minority while creating crises for humanity, such as that which the people of Argentina are suffering today. We demand that our countries maintain their own regulatory investment regime, accepting only those investments which contribute to the development of their peoples and the creation of decent work. Foreign investment must not

denationalize our economies or destroy the national heritage, and it must operate according to performance requirements. Free trade agreements must make the rights of enterprises accountable to national laws, respecting the free movement of people and not only of capital and markets. We demand a universal minimum wage and the respect of universal conventions of the ILO. The investment of public funds should get to social benefit and not to volatile activities like the export zones which harm people and their environment. It should go to investments in small-scale projects, especially for women and indigenous peoples.

We call for the conservation of biological and genetic resources. We firmly reject the introduction of genetically-modified seeds because these destroy life. It is necessary to re-value the prices of primary products and promote the food security of peoples. We urge comprehensive agrarian reforms with access to land and investment in traditional agriculture.

We demand the protection of internal markets and national enterprises development strategies. We reject the imposition of products and prices by the multinationals. We demand immediate lifting of trade and tariff barriers and an end to the dumping of agricultural products on poor countries. We demand the financing of trade-related capacity-building, and more fair and equitable trade rules.

Systemic Issues

With respect to systemic issues, we affirm that the prevailing neo-liberal framework undermines sustainable development, and fails to address the needed reform of the system of global economic governance. Developing countries must have equal voice and vote in standard-setting and economic decision-making processes. These processes should ensure the effective participation of civil society organizations representing diverse sectors and interests, including workers', women's and indigenous peoples' organizations. Efforts to address recurrent financial crises have been inadequate and ineffective. We call for a new and stable global economic and social system. All stakeholders must commit to put in place debt workout mechanisms that uphold the following principles: neutral decision-making, protection of debtors' basic needs, co-responsibility of debtors and creditors, transparency and civil society participation.

Developing countries must have the right to choose their own capital accounts and exchange rate regimes. Those countries under crisis must regain their autonomy to implement macroeconomic policies appropriate for recovery. Furthermore, all countries should have the right to implement policies which de-emphasize export-led development in favour of domestic demand-driven growth, regional integration and cooperation. We support the call for the adoption and implementation of a UN Convention on Corruption and the transfer of illegally acquired wealth to the countries of origin. Stakeholders must commit to the implementation of progressive taxation systems.

For us to be convinced that the financial institutions are ready to change, they must demonstrate this with concrete actions. Without imposing any conditionalities, they must help the people of Argentina overcome the crisis which their policies have produced.



Ms. Monica Vincent and Mr. Arjun Karki deliver the civil society statement to the Summit plenary of the International Conference on Financing for Development on 22 March 2002.

Civil Society Statement to the 5th Plenary Meeting 22 March 2002

The NGO Caucus would like to begin by expressing our appreciation to the Mexican government for its compliance with UN guidelines in providing facilities for civil society work. It sets a precedent that all governments should seek to follow in the future.

But the NGO Caucus states that we are not part of the Monterrey Consensus. We do not consider it a sufficient basis for combating poverty or for advancing economic, social and cultural rights.

We note that in the Round Tables many governments themselves agree with us. So, why has this document been adopted? The governments have talked about reforming the World Bank, IMF and WTO, but this is not reflected in the Consensus. Why not?

In terms of the process, we hope that you have noticed that the adoption of a declaration in advance is undermining the credibility of the process itself: Why are we here if not to negotiate the document?

We appreciate the establishment of the Round Tables as a first step, although we disagree with efforts to use the process to legitimize the Monterrey Consensus. Obviously there will need to be a great deal of fine-tuning to improve dialogue and increase inclusiveness. And if this process is to have any meaning in the future, we will have to see some follow-up actions based on the discourse.

The NGO Forum Declaration was presented to this same plenary last Monday. All our demands are included there and were repeated continuously at the Round Tables. We have advocated these positions throughout the Financing for Development process and for decades before in previous UN international conferences, so we do not have to mention them here.

To those of you who say we have not been efficient in putting forward our demands, we say if you have not heard us it is because you have refused to listen.

We have advocated tirelessly for a concrete plan of action towards building a human rights framework – a different view of the world that is based on economic, social and cultural concerns that puts people before profits.

We intend to stay engaged in all efforts to achieve the Millennium Goals – But we must all acknowledge that, even if met, we will still have more than half a billion people living in abject poverty.

The Special Session on Children, The World Food Summit, The World Summit on Sustainable Development will be opportunities for you to show us that we are wrong in our assessment of your will to deliver.

We hope you will be spurred by the reality of the thousands of women, men and children who will die from preventable causes and in endless wars and conflicts before we get to Johannesburg in August.

We will be watching, and we will continue to mobilize our constituencies for implementation of the commitments you have made over the last decade.



“Let’s move from words to action...to facilitate the flow of capital to developing countries”, business leaders declared at the International Business Forum on Monday, 18 March, in Monterrey, Mexico.

Chapter 7
Business Forum
18 March 2002

Follow-up Dialogues
19-22 March 2002

Business
Forum

Financing **for**
Development

Business Sector

Engagement in the International Conference on Financing for Development Monterrey, Mexico

One of the unique aspects of the financing for development process has been the deep-set and structured engagement between governments/UN delegations and the business sector. This had its origins in the Global Business Hearings that were organized by the Secretariat in December 2000. The rationale and structure of engagement crystallized a few months later when the Bureau, with the assistance of the Secretariat, identified key business interlocutors, and a Steering Committee was subsequently set up. The Committee, which was advised and assisted by the Secretariat, operated in accordance with a road-map that outlined a framework through which the various substantive discussion forums organized by the business interlocutors would feed into the intergovernmental process.

Business representation during the preparatory process and in the International Conference on Financing for Development has focused on bringing out actionable policy proposals to be discussed with governments and international organizations. Some of the key proposals are summarized in the business communiqué that is contained in the following pages. The vehicles through which these ideas were disseminated and discussed were through the distribution of a report, 'Strengthening Financing for Development: Proposals from the Private Sector', the organization of an International Business Forum, and several follow-up dialogues in Monterrey where business leaders interacted with representatives from governments and international organizations. Moreover, senior business personnel from all over the world also participated and freely aired their ideas in the ministerial and summit round tables in Monterrey, as did the civil society representatives.

Building on the feedback that they received during the Conference, the sponsors of various business proposals are continuing to engage with relevant actors in the private sector, governments and international organizations in an attempt to implement their ideas.



Ms. Maria Livanos Cattai, Secretary-General of the International Chamber of Commerce, addresses the Business Advisory Council in Monterrey, Mexico.

International Chamber of Commerce

Statement by

Ms. Maria Livanos Cattai
Secretary-General*
18 March 2002

On behalf of the coordinating group for the business sector may I thank the United Nations and Your Excellencies for inviting the business sector to take part in your proceedings. I will report on ours, and I will be considerably shorter than the five minutes requested.

The business sector just held our international forum next door, and our approach can be summed up in one phrase: let's move from words to action. To do so, we put together a whole spectrum of concrete, doable and practical proposals and projects to facilitate the flow of capital to developing countries. Each one of our proposals and projects requires partnerships with Governments and international organizations. Each one has been put forward in this forum, and will be discussed in the next days in informal follow-up dialogues held in this building in the business area.

To give you a quick flavour of these proposals I will cite my three co-organizers of the forum. Firstly, Barbara Samuels called for a global information clearing house, which has had initial support from the Norwegian Government and the Ford Foundation. It is aimed at strengthening information and analysis in the global financial system. As an independent expert information initiative, the focus is on bridging costly gaps between investors and Governments. There are four related functions: the establishment of a global information clearing portal; development of country investor networks; the creation of independent expert groups; and the facilitation of independent audits and performance benchmarks.

The second citation is from Crocker Snow of the Money Matters Institute. Indigenous domestic capital formation is key to creating and attracting foreign capital. Microcredit can serve a key role for small start-ups in poor countries. At the next

* The text of this statement has been transcribed from audio recordings, as the original was not submitted to the Secretariat

stage, venture capital financing, particularly in basic information-technologies-related companies and services, have the greatest prospect for leapfrogging development. A proposal was made for an omnibus venture capital fund, partly helped by Governments.

The third one is from Paul Underwood, director of the Business Council for the United Nations. Economic development requires ongoing access to private-sector capital in both equity and debt finance. In our panel on closing the gap in liquidity, the Business Council invited leading professionals in investment finance to present a variety of mechanisms, strategies and public-private partnerships. These proposals included innovative methods of financing power, water and other infrastructure projects to strengthen the ability of small- and medium-size companies to attract investment, to create world development cooperation to enhance funding, management, technology and market access and to create an independent expert advisory group to enhance access to debt markets, better allocate risk between public and private sectors and lower the cost of capital for developing countries.

Finally, from my own organization, the International Chamber of Commerce, our proposal concerns a joint project with the United Nations Conference on Trade and Development for stimulating investment in the very least developed countries. This project is already under way. It brings together individual Government leaders with local and international business to survey, benchmark and progress on the obstacles to any investment, local or international, and to make clear, unbiased, credible and truthful guides for companies of all sizes concerning what they can effectively do in the least developed countries.

The private sector is committed to follow through on its many proposals tabled at this conference and to lend our support to your efforts in fulfilling the objectives of this conference.



Mr. Richard M. McCormick, President of the International Chamber of Commerce, presents the Business Forum Communiqué to the Summit plenary session of the International Conference on Financing for Development at Monterrey, Mexico.

Business Interlocutors to the International Conference on Financing for Development

Final Plenary Communiqué
delivered by

Mr. Richard D. McCormick
President, International Chamber of Commerce
March 22, 2002

The private sector organizations and their business leaders thank you for inviting us to work with you. We are grateful to the Financing for Development Secretariat for this opportunity and for their support.

We have taken up the challenge to be active partners both in the preparation of this conference and here in Monterrey. Business recognizes that the development of investment opportunities coincides directly with the objectives of this conference – to provide financing for development.

We know that ODA plays a critical role, but it will never be sufficient to meet the needs of the world's least developed countries. The only long-term and sustainable source of development finance is private sector investment – both domestic and international.

At this conference, business has delivered a range of innovative financing mechanisms and practical models for partnerships with governments and international institutions – to actually mobilize this capital. More than thirty concrete proposals were launched at the Business Forum on day one. Each one was followed up in the next days during dialogues with partners from governments and international organizations.

These proposals included:

- The financing of power, water and infrastructure projects – by Vistech, Suez, Electricite de France, Standard & Poors and the Business Council for the UN;
- The strengthening of small and medium-size enterprises through private sector equity funds – by State Street Global Advisors;
- Incubating local sources of venture capital – by Potomac Associates;
- Enhancing debt and equity financing – by AMBAC, the Zurich Group and Spring Investment;

- Linking microcredit with connectivity to redevelop Afghanistan – by Grameen Phone;
- Establishing a Global Information Clearinghouse to strengthen information, analytics and risk management for countries and investors – by Samuels Associates;
- Enabling international debt work-outs and international bankruptcy mechanisms – by the Securities Industry Association; and
- Producing Investment Guides to help the poorest countries attract new investment – by the International Chamber of Commerce.

At our Follow-up Dialogues, we were heartened by the active interest taken by:

- The World Bank
- The International Monetary Fund (IMF)
- The International Finance Corporation (IFC)
- The Inter-American Development Bank (IDB)
- Multilateral Investment Guarantee Agency (MIGA)
- The US Agency for International Development (US A.I.D)
- UNCTAD, and
- The UN's Department of Economic and Social Affairs

We would like to thank the governments that have shown interest in these proposals. There are no silver bullets here. None of these proposals can be implemented by business alone. They need to take root in each country – and, to succeed – they need the active participation of your governments.

Business came to Monterrey under the motto “Let's move from words to action” – and we are committed to doing just that, in partnership with you all.

Coordinating Group of Business Interlocutors
Business Council for the United Nations
International Chamber of Commerce (chair)
Money Matters Institute
Renaissance Strategy
Samuels Associates
World Economic Forum

Financing for **Development** **Building** on **Monterrey**

Chapter 8

The Role of the Regional Development Banks

Financing for
Development

The **Role of the**
Regional Development
Banks

Financing for Development:

The Role of the Regional Development Banks

A joint paper submitted by the African Development Bank, Asian Development Bank, European Bank for Reconstruction and Development, and the Inter-American Development Bank.

1. The Monterrey Consensus identifies several issues to be considered in confronting the challenges of financing for development. These include:

- The mobilization of domestic financial resources, a crucial task that turns on sustaining sound domestic policies and fostering solid institutions, including the rule of law, inviolability of contracts, protection of property rights and the elimination of corruption.

- The mobilization of foreign private resources, which depends on a favourable international economic situation and an enabling domestic environment.

- The availability of official international finance and technical cooperation for those countries that, at best, have limited market access and others that sometimes experience great uncertainty or high cost of access.

- The expansion of international trade as an engine for development, which calls for a system of open trade backed by adequate finance.

- The imperative to enhance the coherence and consistency of the international financial architecture in support of development.

2. Appropriate domestic policies and institutions are the fundamental requirement for accelerating economic growth and achieving the international development goals, especially the halving of extreme poverty by 2015. Experience shows that there are several essential ingredients for sustainable growth, including macroeconomic stability, international trade openness, a well-educated and healthy labour force, financial depth, adequate infrastructure, environmental safeguards, and good governance. We also know that poverty reduction requires high rates of growth, specific policies to improve access to health, education, credit and other assets by the poor, and depends on institutions that cater for their increased participation

in society. Special efforts are also necessary to offset the economic dislocation that often hits the poor hardest, leaving many permanently below the poverty line when the economy recovers.

3. The FfD agenda stresses the importance of access to external markets and private financing. In this connection, there are obstacles that need to be addressed at the international level. For example, developing countries often face trade barriers in those products where they have a comparative advantage. The terms of trade is highly volatile for many developing countries that do not have the means to compensate for income losses nor adequate external financing during downturns. While having expanded significantly, private capital flows tend to be selective, volatile and pro-cyclical, that is, collapsing in bad times when they are most needed. Additionally, because the international financial system is not well equipped to promote fast recovery from financial crises, multilateral development banks (MDBs) have been called to join in the effort although they are not designed for delivering substantial emergency financing.

4. In short, confronting the challenge of financing for development calls for international cooperation, including more effort at the regional level. As the Monterrey Consensus puts it: "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 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".

The Partnership between Countries and Regional Development Banks

5. Regional Development Banks (RDBs) are key players in ensuring the flow of financing for development for their borrowing member countries in the respective regions, and in providing regional public goods. Their ownership, governance and regional specialization make it possible for them to adopt priorities that reflect the immediate demand on the ground. The special relationship they have with their borrowing countries enables them to influence decision-making in key development (or transition) areas, bringing to bear both international experience and a regional perspective. In sum, the two main channels through which the partnership is strengthened are: financial services and policy dialogue.

Financial Services

6. The RDBs have become important sources of financing for development in their respective regions. For example, in Latin America and the Caribbean IDB lends more than the World Bank, particularly in the smaller countries where it usually lends twice as much. Accordingly, together with the global institutions, they play an important role in adding to available public and private financing through both policy-based lending and project finance. In recent years, both AsDB and IDB acted in concert with the World Bank and IMF to provide resources geared to protecting social expenditure programmes when financial crises struck major countries in their regions. In the case of the poorer countries in their sphere of operation, RDBs are also a channel for substantial concessional resources, except for EBRD with its unique mandate of transition to market economies and its focus on the private sector.

7. RDBs have demonstrated their capacity to enhance the availability of private financing for development. For example, EBRD and IDB have acted as catalysts for private financing by mitigating regulatory and political risk for investors undertaking private investment projects, including in infrastructure services. Similarly, they have succeeded in stretching the tenor of private financing and improving the financial viability of projects by providing extended maturities and, in the case of EBRD, by making equity investments.

Policy dialogue

8. RDBs provide knowledge tailored to their regions' needs, in the form of research and dissemination of best practices. They combine international experience and knowledge of the relevant issues with a regional viewpoint rooted in local social and political circumstances. Their closeness to borrowers make them highly effective advisors and important vehicles for spreading ideas throughout the regions. The training institutions of AfDB, AsDB and IDB are central actors in building capacity in the public sector in the three regions, while EBRD's activities in the transition economies focus on dissemination of sound business and corporate governance practices.

9. The increasing interdependence of regional and subregional economies creates a strong role for RDBs in policy coordination and regional integration since most of them have either a Charter or policy mandate to foster the collective development of their borrowing member countries. From its inception, IDB has actively implemented a range of activities from cross-border infrastructure through research to capacity-building for hemispheric and global free-trade negotiations. EBRD, with 13 of its 27 countries of operation landlocked, has a special interest in stimulating regional cooperation in trade and transit, thus improving prospects for a higher standard of living from taking part in the regional and global division of labour. AsDB provides technical assistance in the Greater Mekong Subregion covering environmental issues, cross-border movement of goods and people and health and is also pursuing initiatives with the ultimate objective of developing a road map for monetary and financial cooperation of the ASEAN + 3 countries. AfDB is a significant partner in the New Economic Partnership for Africa (NEPAD).

Conclusion

10. Regional Development Banks are actively engaged in seeking to enhance the availability of financing for development. They add value by leveraging their close relationship with borrowers to advance the process of development in several areas identified in the Monterrey Consensus. In doing so, they enhance their effectiveness as agents of change through close cooperation with UN and bilateral agencies and with the IMF and World Bank which have the advantage of global reach.

Parliam

Financing for
Development

Chapter 9

Parliamentarian Forum

16 March 2002

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Parliamentarian Forum

Statements on the International Conference on Financing for Development

The Mexican Congress Inter-Parliamentary Union convened the Parliamentarian Forum prior to the International Conference on Financing for Development in Monterrey, Mexico, with the objective of defining a common position of Parliamentarians from around the world on issues related to financing for development. The Forum met in the Mexican Senate in Mexico City on 16 March 2002 and formed two working groups that discussed 1) Domestic Needs for Equitable and Just Development, and 2) International Financial Architecture for Equitable and Just Development. Statements were made on behalf of the Forum during the plenary sessions of the Conference on 18th and 22nd March 2002.

Representatives of the following Parliamentary groups were invited to the Forum: Inter-Parliamentarian Union, Latin American Parliament, Central American Parliament, Andean Parliament, Amazonian Parliament, Inter-Parliamentarian Forum of the Americas, Parliamentarian Confederation of the Americas, Indigenous Parliament, Parliamentarian Forum of Asia-Pacific, Parliamentarian Conference Asia-Pacific on Environment and Development, World Group of Parliamentarians for Habitat, African Parliamentarian Union, European Parliament, Parliamentarian Assembly of the European Council, Parliaments of countries that participated in the First Plenary Meeting of the Inter-Parliamentarian Forum of the Americas, and Parliamentarians attending the International Conference on Financing for Development.

Statement by

Mr. Natividad Gonzales Paras
Senator of Mexico*
18 March 2002

The African Interparliamentary Union and the International Interparliamentary Union met to discuss and approve a special declaration to be presented on this occasion. I shall therefore give you the highlights of this declaration.

We international parliamentarians consider that the great objective of nations is to eradicate poverty, create a world economic system that is more inclusive, balanced and equitable and reverse the increasing gap that separates industrialized countries from developing countries or economies in transition. The structural reforms, which have increased in recent decades through legislative authorities, have helped improve the macroeconomic variables, in many cases reducing the indices of inflation and public debt.

But they have not led to an increase in the standards of living of the population, or greater generation of work, and competitive or productive systems. On the contrary, in many countries the gap in income distribution has become more polarized and public debt has increased, which endangers political and economic stability in the future.

The processes of globalization and the gradual opening of borders have meant that developing countries and national groups have lost their leadership in strategic sectors of national life owing to, among other reasons, problems in gaining access to competitive financing given the capital of transnational corporations. For these reasons and others – which are expressed in a document that we parliamentarians, democratically elected representatives, have prepared – we advocate the adoption of the following measures:

In the national framework, we advocate the establishment of efficient and equitable fiscal systems that contribute to a fairer distribution of income and the strengthening of internal consumption and capacity and accessible regimes for credit that support small and medium-size enterprises. Public policies that take into account diversity and gender and support vulnerable groups should be established. We support the

promotion of national participation and national interests in productive investment and economic policies to increase social productivity and efficiency and combat corruption. We also support the proper channelling of resources for training.

Within the international framework, we are for equitable access for developing countries or countries with economic problems to international resources, which would allow industrialized countries to increase their official development assistance to 0.7 per cent. Secondly, granting education as a way of combating poverty, broadening opportunities and promoting economic growth should be one of the highest priorities. Thirdly, we advocate the establishment of financial support that would make it possible to administer and reduce the external debt of developing countries, and more transparent criteria and practices for renegotiating debt. Fourthly, we favour the development of regulatory frameworks and transparent procedures, which would contribute, as the chairman of the Latin American parliament pointed out, to preventing the volatility of private capital flows and risk as well as information systems on international resources for financial aid that all countries can have equal access to. Fifthly, international economic and financial bodies should be adapted to the needs of an increasingly unequal and interdependent world. Sixthly, international trade should be transformed into a true engine for development, which, through proper laws and policies, would avoid protectionist practices and prevent crises and distortions that limit the equitable development of countries and the international community.

The representatives of the parliamentary forums of the world – at which legislators take part in building the constitutional reforms or frameworks in our countries, determining public budgets and approving international treaties and conventions, among other important duties – are making a commitment to undertake concerted action in order to provide a follow-up to the Monterrey Consensus and promote with our framework the implementation of the conference resolutions, which coincide with the viewpoints we have expressed. This proposal will also be made public in the plenary meeting of Heads of State.

But we know that the ministers and the institutions represented here play a key role in national Governments and in the international community. Therefore, we urge you to consider our concerns and proposals. With the same spirit, we feel it is fitting to reaffirm our conviction that in the beginning of this new century and millennium, we must all make a commitment to proceed to the reform of the United Nations system with a new international architecture

* The text of this statement has been transcribed from audio recordings, as the original was not submitted to the Secretariat

that is more efficient, democratic and just. Let the spirit of freedom, pluralism and international solidarity – which has protected our city of Monterrey, with its history, its people and its mountains – move our nations and humanity towards a better era.

Statement by

Mr. Diego Fernández de Cevallos
Presidente de la Mesa Directiva del Senado de México*
22 March 2002

As President of the Senate of the Congress of the United Mexican States and a representative of the Interparliamentarian Union as well as interparliamentarian forums of other regions in the world, I come to this Conference with the following purpose: Firstly, I would like to express to you the solidarity of my leaders with the objectives that bring us and the most important leaders of our time here. I would also like to express our gratitude to the United Nations and the Governments and peoples of Nueva León and Mexico for the magnificent organization of this event.

I have come to say to you that the Parliamentarians I represent want to go to the trenches, which is their own area, to serve the following objectives: The legislators of the world can and must participate with you within the sphere of our competence in the absolutely worthy task of doing away with the physical and moral poverty afflicting humanity. They must effectively combat hunger, indifference, inequality and violence in all their expressions. This is an immediate task for Governments, parliaments, judges, magistrates, teachers, intellectuals, journalists and intermediary organizations. In sum, it is the responsibility of all. We the Parliamentarians are here for this reason.

Let us not forget that parliaments are the proper spaces for the creation of laws and institutions that make possible a true social rule of law. Thus, and only thus, can we, once and for all, reach Justice, Peace and Progress.

We sincerely hope that this meeting will be a summit in the full sense of the word. It will be a summit insofar as we reach here and now specific and verifiable commitments that give rise to genuinely consolidated world policies. This will be a summit if we adopt agreements capable of overcoming the oft-repeated vicious circle in history whereby abusing the freedom of the market and competition, the strong despoil the weak so that it can then prevail.

Let us agree that there are no poor countries. There are only people who have been pillaged. Hence, assistance is often of a compensatory nature. It has been demonstrated, moreover, that the financial resources that flow to the benefit of the poor will never be enough if domestic global corruption goes unchecked.

So it is imperative to have the commitment of the international community to undertake a great educational and cultural crusade that reclaims the fundamental values of the human being and equality of men and women and stops the destruction of nature. This compels us to ensure that the statements made here, which have been reasonable, compassionate and full of good will, are followed up with resources that are applied ethically, generously and reasonably.

I will convey to the Heads of State and Government the declaration of the Parliamentarian Forum that I represent. There will be specific proposals there and our manifest wish to participate in the configuration of a true world economic order ensuring democratic governance of the financial system in a globalized world.

I have one final point. As the physical poverty of some stems to a large extent from the moral poverty of others, the quandary is inevitable. Either we distribute the goods or we share the evil.

* The text of this statement has been transcribed from audio recordings, as the original was not submitted to the Secretariat.

Chapter 10

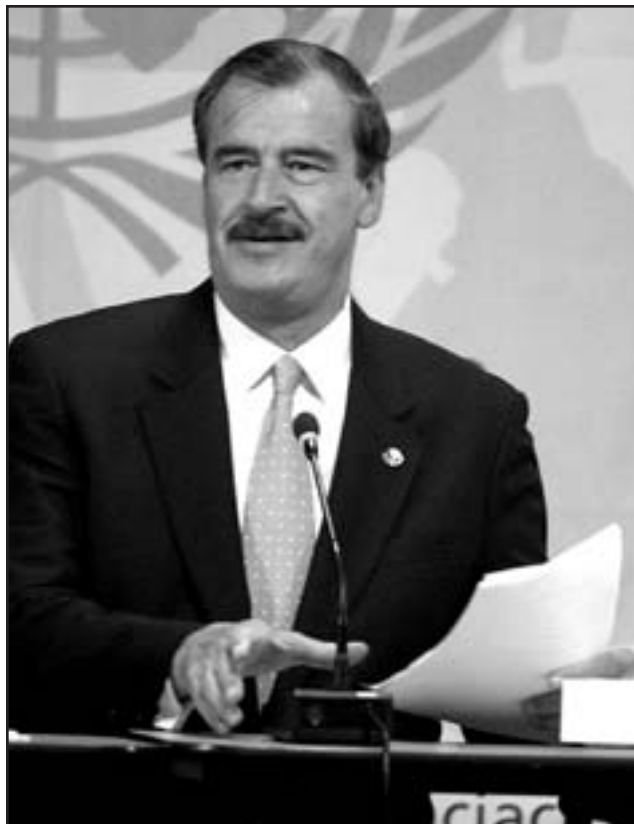
Retreat for Heads of State and Government

22 March 2002

Briefing by the
President of Mexico

Briefing

Financing for **Development**
Building on **Monterrey**



His Excellency President Vicente Fox of Mexico briefs the press following the Retreat for Heads of State and Government

Retreat for Heads of State and Government, Monterrey, Mexico

Press Briefing by

His Excellency Mr. Vicente Fox
President of Mexico
Friday, 22 March 2002

Today we, 40 Heads of State or Government, along with the Secretary-General of the United Nations and the President of the European Commission, met to consider in a frank and informal manner the content of a new integral agenda for development. At the end of this meeting, we had a working lunch with the heads of the Bretton Woods institutions.

This meeting helped to promote the spirit of Monterrey, and marks the beginning of a new common approach to fostering growth, development and equity, both between nations and within them.

As the host of the Retreat, I undertook to prepare this general summary of the main ideas which were discussed, for the sole purpose of giving the news media a broad view of the exchanges which took place. The Heads of State or Government took a positive view of the Retreat and considered it to have been a useful exercise to facilitate communication among them and take up in greater depth some topics which the Conference had only been able to consider in more general terms.

We discussed the following two general areas:

I. The New Integral Agenda for Development

- First, we analyzed how the changes in the world require a new agenda for development, differing from the agenda which has been in force for half a century. For this reason, institutions and mechanisms must be updated. Partial approaches are no longer sufficient; an integral and broad vision is needed in order to support sustained development. We identified the need to define a new integral agenda for development, based on shared responsibility. It was stressed that global instruments are needed to achieve global objectives.

- Some participants pointed out that although globalization is not a panacea and embodies contradictions, it is the development modality which at present offers the greatest potential for promoting global well-being. Even so, it was recognized that within the framework of globalization, the local characteristics of the problems of each country must be taken into account in order to be able to adopt appropriate measures.

- As a corollary to globalization, some participants emphasized the shared responsibility inherent in interdependence and stressed that partnership gives rise to consequences, namely: the need to accept that there is equality within diversity, to respect differences, and to avoid the loss of identity.

- There was consensus on the need for greater opening of markets and increased private capital flows. However, many of my colleagues indicated that it was not sufficient to eliminate trade barriers, and that what was required was the integral promotion of development, since that was the only way for the less developed countries, while improving their living standards and income levels, to become better partners, creating virtuous circles for global development. We therefore discussed the importance of adopting innovative schemes to take advantage of private capital flows and the need to lessen their cyclical nature.

- At the same time, many of my colleagues stressed that the less developed countries will have to improve their government and corporate institutions and practices and adopt solid economic policies in order to create a favourable climate for the promotion of investment. In this respect, it was emphasized that no country which creates adequate conditions is deprived of financing for development. Some participants also recommended that civil society should participate in monitoring international cooperation and official assistance in order to ensure their optimal utilization.

- The importance of migration and labour mobility in global economic growth was stressed, as well as the central role played in many economies by remittances of financial transfers from migrants.

- Several Heads of State or Government recognized that although the decisions of some industrialized countries to promote the allocation of more resources to assist the less developed countries are important, much more needs to be done. In this context, it is not only bilateral aid that is important, but also the need for multilateral bodies to allocate a proportion of grants, not loans, to the less developed countries.

- It was stressed that in order to guarantee global peace and security, financial stability, universal health, preservation of the environment and the dissemination of scientific knowledge, the necessary resources must be obtained to make these benefits accessible to the populations of all countries. It was suggested that part of the resources for this purpose could be obtained from the sustainable use of the Earth's resources which belong to all mankind, through existing trusts in the international financial bodies. Several of my colleagues stressed that these ideas should undergo analysis by expert groups.

- Lastly, several participants referred to the topic of terrorism and its potential links with poverty. It was strongly reaffirmed that nothing justifies terrorism and that terrorism must be countered in an unconditional and direct manner. It is necessary to persevere both in overcoming poverty, and in combating terrorism, violence and transnational organized crime, without considering them as related phenomena.

II. The role of multilateral bodies and institutions

- We discussed the role which the multilateral bodies will need to play in the formulation and promotion of a new kind of development in global society. It was recognized that these institutions should continue to play a fundamental role in correcting the deep-seated imbalances among economies at different stages of development, to which end it is desirable that there should be greater participation of the developing countries in the decision-making of these institutions.

- Many of my colleagues stressed that adequate financing for a new concept of development requires new instruments to support those economies that have adopted solid economic policies but still lack access to capital markets. Also, instruments are needed to facilitate a more efficient and equitable distribution of global macroeconomic risk, and to finance the global commons. To this end, and in support of development, it was suggested that allocations of special drawing rights could constitute an adequate instrument.

- The issue of harmonizing development and the environment was taken up, and the importance of the forthcoming international summit meeting on the topic to be held in Johannesburg towards the end of this year was endorsed. In this respect, the idea of establishing a global environmental organization was suggested. There was discussion of creating a bridge between Monterrey and Johannesburg, between sustainable development and its financing.

Lastly, and although we did not all agree on the same points, we agreed on the need to make periodic assessments of progress in the directions mentioned.

I believe that the Retreat of Heads of State or Government was an unprecedented event in international conferences because of the large number of participants from all regions of the world and representatives of a great diversity of nations. The spirit of Monterrey represents a change in the direction of the debate. It is a turning point in the integral agenda for development.

Today's Retreat has a crucial virtue. We discussed a broad range of topics; some of them are a matter of broad consensus; others are barely emerging in forums like the one that is ending here in Monterrey today. However, the debate that we, Heads of State or Government, held today, leads me to predict that many of these topics will move from contention to the agenda, and from the agenda to consensus. That is the virtue of the work which we have carried out over these days.

I am confident that the discussions in this Retreat will help spread and promote the spirit of Monterrey and, as Secretary-General Kofi Annan pointed out, move from Agreement to Action.

Financing for Development Building on Monterrey

Annex

Press Conferences



The press room at the Cintermex complex in Monterrey, Mexico, providing media coverage during the International Conference on Financing for Development.

Pre-Conference Press Briefing By

Co-Chairs of the Preparatory Committee for the International Conference on Financing for Development, United Nations Under-Secretary-General for Economic and Social Affairs and Executive Coordinator of the Financing for Development Secretariat
17 March, 2002



The co-Chairs of the Preparatory Committee of the International Conference on Financing for Development, Ambassador Ruth Jacoby of Sweden (second from right) and Ambassador Shamshad Ahmad of Pakistan (extreme right) brief the press along with Under-Secretary-General for Economic and Social Affairs, Mr. Nitin Desai (second from left), and Executive Coordinator of the FfD Secretariat, Mr. Oscar de Rojas (extreme left). Ms. Susan Markham, spokeswoman of the Conference, is at the centre

After weeks of intensive negotiating, countries had reached agreement on a wide range of issues that put development at the centre of global financial reforms and paved the way for the International Conference on Financing for Development, Mr. Nitin Desai, Under-Secretary-General for Economic and Social Affairs, said at a press conference this afternoon.

The press conference, in advance of the opening of the international Conference in Monterrey, Mexico, was also addressed by the co-Chairs of the Preparatory Committee, Ambassador Ruth Jacoby (Sweden) and Ambassador Shamshad Ahmad (Pakistan). Also present was the Executive Coordinator of the International Conference on Financing for Development, Mr. Oscar de Rojas. They emphasized that Monterrey was not to be viewed as a stand-alone event, but the first building block in a long and continuing process.

Asked his opinion of the key achievements of the Monterrey Consensus, Mr. Desai said the most important was the inclusion of language which recognized that official development assistance must be increased. The only remaining questions on that matter were by how much and by whom. Other key achievements included recognition of the need for managing debt relief, for raising the voice of developing countries, and for eliminating corruption.

Ms. Jacoby pointed out that official development assistance was one of the key elements of development. A few countries in Europe had endeavoured to meet the 0.7 per cent gross domestic product (GDP) target set for the developed countries. Some countries had already promised to increase their contribution. She emphasized that Monterrey was not just another United Nations conference. It would be a very high-level event that included the world's major economic and financial actors and institutions. The conference was not only about aid, but also about ensuring that the entire international economic system functioned properly in eliminating debt, and building the capacity of developing countries to benefit from growing trade.

Mr. Ahmad added that Monterrey was a blueprint for joint efforts on the part of the developing and developed countries in pursuing development in a holistic manner. Asked about demands in the United States for an end to corruption, Mr. Ahmad replied that the South had recognized the need for good governance and the rule of law. However, elements in developed countries encouraged corruption by paying kickbacks. It was not a simple matter, he added. Ms. Jacoby said that the fact that discussion of corruption had increased over the last decade or so was in itself a sign of progress. Previously, there had been a reluctance to mention corruption for fear of giving offence.

Asked what had ended that taboo, Mr. Desai replied that there was no question of a taboo. It was the people of the country concerned who paid the price of corrupt practices. He stressed that the consensus document raised the question of repatriation of corruptly acquired funds.

Asked about the risk of violence by elements of civil society if no changes were made to the outcome document, Mr. Ahmad said that no violence was anticipated. Non-governmental organizations (NGOs) had been on board throughout the preparatory process and had not been alienated. However, if they did raise angry voices, they must be heard, as they were part of the globalizing world.

Mr. Desai pointed out that NGOs would be participating in the Conference, including the Summit, where they could address Heads of State.

Answering a question about support for the Consensus by multinational corporations, Mr. Ahmad said the aggrandizement of corporate wealth at the expense of the world's poor was a very serious issue. Pharmaceutical companies were profiting from disease and death. They must spend some of the vast wealth they accumulated on HIV/AIDS research, education and other issues. He added that three quarters of global wealth was in the hands of one quarter of the world's population. Transnational corporations were playing a huge role in helping to accumulate that wealth. It was only just and appropriate to require that they enhance the fight against poverty by returning part of that wealth to the countries where they had their biggest operations.

Press Conference by

United Nations Secretary-General,
World Bank President, IMF Managing Director,
and WTO Director-General
21 March 2002



IMF Managing Director Horst Köhler, World Bank President James Wolfensohn, and WTO Director-General Mike Moore join United Nations Secretary-General Kofi Annan at a press conference in Monterrey, Mexico, following the opening of the Summit session of the International Conference on Financing for Development.

The International Conference on Financing for Development was unprecedented not only in bringing finance and development ministers together with businessmen, but also in the way the United Nations, the International Monetary Fund (IMF), the World Bank and the World Trade Organization (WTO) had worked together in preparing it, Secretary-General Kofi Annan told correspondents this afternoon.

At a press conference held jointly with World Bank President James Wolfensohn, IMF Managing Director Horst Köhler, and WTO Director-General Mike Moore, Mr. Annan said: "I have made clear this morning that we can no longer continue to give with one hand and take away with the other. We must work together, in a coherent fashion, if we want to achieve our goal."

In response to a correspondent who asked what was known about development today that was not known a week ago, Mr. Wolfensohn said there was now a unity of purpose between the leaders of the developed and the developing countries. What was coming out in the consensus was that the partnership was not only recognized, but also that they would act on it in the areas of capacity-building, trade and increased development assistance, with each side bearing its responsibilities. While that had been known before, it had now been acknowledged by consensus and it was possible to move forward.

Mr. Köhler added that what was new was the uniqueness of the joint press conference. That should send a strong message.

Another journalist said that while the focus was on financing for development, Argentina needed finance for survival. Would the international community watch the meltdown in that country or could it help Argentina solve the crisis?

Responding, Mr. Köhler acknowledged difficulty of the situation and the social dislocation involved. The IMF and the Argentine authorities were working hard to find a way out of the crisis. However, there was no quick fix for that very complex situation and, clearly, Argentina itself had the primary responsibility to find a way out.

The Secretary-General added that the Argentine situation was not merely a financial crisis, but had an impact on real people. "We will have the chance of speaking to the President here, but there is quite a lot of sympathy and support for the people of Argentina", he said. However, Argentina would have to take the key steps with the support of the international community.

Mr. Moore said that the Doha development round must be concluded on time, in January 2005. He said the Argentines had stated that agricultural subsidies were costing them about \$5 billion a year. If that figure could be reduced within the three-year time-frame, that would return to developing countries \$54 billion – up to five times more than all official development assistance (ODA) and eight times more than the debt relief granted so far.

There was still a large gap between the pledges by the United States and the European Union and the money required, another correspondent said. How would the rest be obtained? What substantial change had taken place in the international community's handling of the problems?

Mr. Annan replied that, apart from the money given, the acceptance that aid was necessary, and the realization by the public that it was in the common interest to help the poor, would maintain pressure on politicians to keep assisting the developing nations. In addition, there were many business leaders with whom he had discussed not only foreign direct investment (FDI), but also ways to accelerate development and, in some cases, to leverage development assistance to encourage investment by the private sector.

Mr. Wolfensohn added that the first cheque that one wrote was always the best one. The pledges were indications by the United States and Europe that they were prepared to write cheques. They had set out a basis on which they would do so that was rational and agreed between the developed and developing countries. Two weeks ago, there had been no thought of the increase and now there is a significant increase and a basis to move forward.

In another reply, Mr. Köhler said the Conference was a further milestone to understanding ODA as an investment in a better future for all. There was growing awareness of the interconnectedness of poor and rich countries. A policy concept was needed to define policy content, particularly on a global level, and to define a concept of global governance that took care of global public goods.

Mr. Moore pointed out that at the launch of the first development round at Doha, developing countries had stated their need to build their institutions and capacity so they could negotiate, participate and implement the results. Donor countries were keeping their word in trade; the resources were flowing and, unless that happened, the development round would not succeed.

Asked how the United States could be convinced that poverty was a priority after 11 September, the Secretary-General replied that the international community's presence in Monterrey was enough indication that the entire focus was not on terrorism. None of the problems that existed on 10 September had gone away. It was even more urgent to tackle the issues of poverty and conflict. "In five months' time, we will go to Johannesburg and continue", he added.

Another correspondent, noting that the insistence on good governance was sometimes perceived as political pressure, asked how a country like Lebanon could fulfil tough conditions required by the IMF.

Mr. Köhler stressed the importance of crisis prevention. Member countries should avoid the build-up of macroeconomic instability through unsustainable debt or high inflation rates or disregard for a competitive economy. If there was a need to correct a situation, there was no other way out but to face the choices. The IMF could give up its combining of funding with conditionality, but it could learn through past experience. The Fund may have demanded too much in the past and was in the process of reviewing the concept of conditionality. But the primary responsibility lay with the country itself, which should be proud of that sovereign right.

The Secretary-General added that good governance should not be seen as being imposed by the IMF or other outside forces. It was in the interest of all, especially the poor. Strong institutions and regulatory systems created an environment that liberated the energies of the people. That was the foundation on which sustainable development was built.

Asked what standards a country needed to adhere to receive assistance, Mr. Wolfensohn said that both the donor and recipient countries had agreed on the standards. They included working legal and financial systems, elimination of corruption, benefits for the poor such as education, health and proper infrastructure, and acceptance of the responsibility to get the job done. From the developed countries must come recognition that nothing would work unless there were markets open for trade and ODA.

Press Conference by

Foreign Minister of Mexico
and UNDP Administrator
18 March 2002



Mr. Jorge Castañeda, Foreign Minister of Mexico (right), and Mr. Mark Malloch Brown, UNDP Administrator, address the press in Monterrey, Mexico

The International Conference on Financing for Development was the critical middle act in a three-conference storyline that had begun with the Millennium Summit of 2000, United Nations Development Programme (UNDP) Administrator Mark Malloch Brown said in Monterrey, Mexico, this morning.

At a press conference ahead of the opening plenary session, he said that the Millennium Summit had laid out the goal of halving poverty by 2015 by reversing AIDS, malaria and environmental degradation, among other goals, and securing Western development support. The Monterrey event aimed to seek the commitment of developed countries and to create momentum for the World Summit on Sustainable Development in Johannesburg, where action plans would be presented.

He said that, while the goal of achieving a 0.7 per cent contribution of gross national product (GNP) from developed countries was important, the Monterrey Conference was much more interested in getting the kind of political will and commitment shown by United States President George W. Bush and the European Union.

The Conference wanted developing countries to commit to giving a higher priority to social spending – on education, health and the environment – and much higher levels of democratic governance, he said. In return, developed countries would support them with more trade, market access, investment and fresh external development support.

Also present was Jorge Castañeda, Foreign Minister of Mexico, who said the Government's first aim had been to achieve the broadest possible attendance for the Conference. At the governmental level, it had already met with huge success with 50 Heads of State already present.

He said a second goal was the largest possible number of civil society participants from the private sector, non-governmental organizations and academia. The Government looked forward to seeing demonstrations and protests by Mexicans, as well as foreigners. While there would be complete freedom to demonstrate, it was hoped that protestors would avoid the violence seen during similar events in other cities.

A journalist asked how the American and European promises on official development assistance (ODA) could be considered achievements when they did not amount to even half the 0.7 per cent target. Mr. Castañeda replied that it was necessary to strike the right balance between the solidity of the Monterrey Consensus, on the one hand, and ideas emerging from the side events, on the other. The new ideas could be added to the outcome document. He stressed that there was obviously a difference between the Consensus and the documents from the preparatory process. It had been crucial to come to Monterrey with a consensus in order to avoid the confrontations seen at previous conferences.

Mr. Malloch Brown added that the Monterrey Consensus would help avoid battles over minor details. Within its dry United Nations prose was a big new global deal, he added. Responding to another question about the low profile of the ODA goals sought by the Conference, Mr. Malloch Brown replied that, while the European Union commitment and the Bush pledge fell far short of the needs of the millennium goals in monetary terms, they reversed in political terms a decades-long decline in development assistance.

Asked if there had been progress in achieving the Millennium Development Goals set for 2015, he said that progress being made by two thirds of the world population living in Asia were on track. However, the Latin America growth model had not delivered the successes seen in Asia, while Africa was falling further and further behind. In Eastern Europe, where the social safety net of the past had disap-

peared, there had been some success, but also small areas of significant poverty.

Another journalist asked how civil society would be convinced that they were part of the consensus when they claimed that the document had been watered down. Mr. Malloch Brown replied that the consensus was a baseline platform on which all segments could build. Civil society participants were not the only ones disappointed by certain parts. They should see it as a glass half full, rather than half empty. Mr. Castañeda added that some of the Mexican Government's ideas had also been left out, as had been those of others. That was the nature of consensus.

Asked what concrete steps could convince donors that corruption was being reduced, Mr. Malloch Brown said the drive for good governance must include attacks on corruption. Democratic institutions must be accountable to the people. Donors would not risk the wrath of their own public opinion by putting funds in the hands of corrupt leaders.

Press Conference by

Special Advisor to Secretary-General and UNDP
Administrator
19 March 2002



UNDP Administrator Mark Malloch Brown (left) and Prof. Jeffrey Sachs, Special Adviser to the Secretary-General on the Millennium Development Goals at a press conference.

“Given sufficient help and political will, it was possible to achieve the Millennium Development Goals everywhere, Harvard professor Jeffrey Sachs, Special Adviser to the Secretary-General on the Millennium Goals, told correspondents at a press conference in Monterrey this morning.

[The Millennium Development Goals are eight key development objectives set out in the Millennium Declaration that was endorsed by over 160 world leaders at the historic United Nations Millennium Summit in September 2000. The goals comprise time-bound global targets to improve health, education and the environment across the world, with the overarching goal of halving extreme poverty by 2015.]

Mr. Sachs said consensus had been reached on the need to spend vastly more money (\$27 billion) on health. Secretary-General Kofi Annan's new Global Fund against HIV/AIDS would prove to be one of the most innovative mechanisms, he predicted. Hopefully, global communities would form consensus on other development goals, such as reducing hunger, providing access to clean water, resettling slum dwellers and protecting the environment.

He said there would be many keys to success, particularly political will, financial backing, good blueprints and effective implementation. The power of international debate and analysis had become apparent in formulating new approaches to international development assistance, and the rich countries, including the United States, were stepping up in a way that many had not done for a long time.

Mark Malloch Brown, Administrator of the United Nations Development Programme (UNDP), reiterated the vital importance of the bargain behind the dry prose of the Monterrey Consensus. The Millennium campaign was trying to inspire a sense of urgency between now and 2015, to assess country performance on each Millennium goal and to ensure that developing, as well as donor, countries received that information.

He said that while there would be a huge role in that campaign for the United Nations, World Bank and other institutions, the real energy would come from civil society. The Millennium Goals must be at the heart of politics in each country, and development assistance must become a cause on which governments in donor countries were either elected or removed. The aim was to form national coalitions to drive change, he added.

People in different countries were measuring progress and development teams were compiling reports on performance, he said. There were already reports out on Cambodia, Cameroon, Chad and Viet Nam. Regionally, Asia was on track to achieve the Millennium Goals; Latin America was falling slightly behind; and Africa and the Arab regions were declining.

Asked how the American people could be convinced that development assistance was important when the United States Congress was spending so much on defence, Mr. Sachs said every survey showed there was no resistance among the American people. They thought their Government had been doing a lot while, in fact, it had not been doing anything. But last week, he said, President George W. Bush had told Americans clearly that the country's security and that of their children depended on development assistance. He had said that infectious diseases and ill health affected everybody on the planet and that, although poverty did not make murderers out of people, it provided the breeding ground.

Asked about the absence from the Summit segment of the Conference of key Asian leaders, including those of Japan, China, Singapore and Australia, Mr. Malloch Brown said the Conference had not been planned as a Summit and mainly finance ministers had been expected. However, contacts made by President Vicente Fox had resulted in a large turnout of Heads of State and Government.

How would Americans and Europeans be convinced that the elimination of farm and textile subsidies was important to the developing world, another correspondent asked. Mr. Sachs replied that the shame about the subsidies was their incredible wastefulness. Asked what would be done about medium-income countries like Brazil and others in Latin America harmed by protectionism, Mr. Sachs said the United States policy had not been fully formulated. It was important for the country to engage with partners that were willing to adopt internal policies that made external aid effective.

Press Conference by

**Soros Fund Management Chairman and UNDP
Administrator**
19 March 2002



Mr. George Soros at a press conference in Monterrey, Mexico.

Developed countries should use the special drawing rights (SDR) allocated to them as a novel form of international assistance to developing countries, Soros Fund Management President and Chairman George Soros proposed at a press conference this morning. Mr. Soros said that such usage of SDR would be very helpful to poor countries in financing development. It would allow them to retain credibility, functioning as a sort of credit line when they did business internationally.

[The SDR is an interest-bearing international instrument created by the International Monetary Fund (IMF) and distributed among its members to supplement their existing reserve assets – official holdings in gold, foreign exchange and reserve positions in the IMF.]

He said his proposal would ensure that international assistance was properly spent because it could be directed at specific projects. An impartial jury of experts would ensure the quality of the project, and the donors could then select which particular one to support. In that way, the interests of the recipient countries would be ensured before those of the donors instead of the reverse.

Earlier, United Nations Development Fund (UNDP) Administrator Mark Malloch Brown stressed that, between Monterrey and the World Summit on Sustainable Development in Johannesburg, there should be an effort to convert the focus of the official development assistance (ODA) debate from what should be spent to what concrete goals the spending would achieve.

Asked how developing countries would benefit from the use of SDR in financing for development, Mr. Soros replied that they would benefit directly by having additional monetary reserves and indirectly through “global public goods”.

Another correspondent asked whether there was a risk of reserves being allocated to the best choice of the donor countries. Mr. Soros said the choice would be in the hands of experts and, therefore, removed from political pressure. In the United States, there was strong public support for international assistance for education and health, he added.

Referring to countries where there was bad governance, another correspondent asked how assistance could be most effectively spent in the poorest countries while still respecting the recipients’ sovereignty. Mr. Soros replied that the donor countries must cooperate and agree on joint action. If each country were guided by its own national interest, the more general interest of promoting good governance would be lost. That could create the danger of a return to the days when donor countries funded their strategic allies irrespective of good or bad governance.

Why would governments contribute large sums to SDR while they had been unwilling to contribute to official development assistance, asked a journalist. Mr. Soros said they would do so because they were democratic and responded to the wishes of their electorates.

Asked if it would be possible to give assistance directly and without conditions to people suffering under bad governments, Mr. Malloch Brown replied that the traditional criteria for assistance had been historic friendships or strategic considerations. The United Nations must provide humanitarian assistance to ensure such people were not penalized because of their bad governments. Mr. Soros’ Open Society Institute and other such foundations could provide a second funding source, while a third was technical assistance such as that provided by the UNDP. Such assistance could not be diverted to defence expenditures and luxury items. There must be a strategy to help people living under bad governments.

Press Conference by

FAO, IFAD, WFP

18 March 2002

The underfunding of sectors from which the poor derived their livelihoods was among the major reasons for world hunger, Hartwig de Hean, Assistant Director-General of the Food and Agriculture Organization (FAO), said this morning. At a press conference on ‘The Role of Rural Development: Food and Agriculture in Making Aid More Effective’, he said hunger was not only a consequence of poverty, but also one of its major causes. World hunger had been reduced at a rate of 6 million people a year in the 1990s, whereas a reduction rate of 32 million was required.

Holding a joint press conference with the International Fund for Agricultural Development (IFAD) and the World Food Programme (WFP), Mr. de Hean said the common position of the three Rome-based agencies should send a strong signal to the Conference, which should give top priority to hunger reduction as agreed at the 1996 World Food Summit. General agreement on the need to reduce hunger was not enough.

While the Conference was not expected to have a sectoral emphasis, he stressed that agriculture was not just another sector. It was the backbone of the economy in most developing countries, especially those with the greatest levels of hunger. The three agencies called for a twin-track approach to hunger reduction by combining food-production support with investments to raise productivity.

Lennart Bage, President of IFAD, said it was clear that not enough had been done either to mobilize the political will required to achieve the Millennium Summit goals or to channel resources where they could be most effectively spent to eradicate poverty by 2015.

Noting that the great majority of the 1.2 billion poor living on less than a dollar a day lived in rural areas, he said that, with a greater focus on social development, the rural poor were neglected. The focus must be not only on health and education, but also on increasing food production and the purchasing power of the poor, as well as on boosting the productive base to generate the resources needed to overcome the imbalance.

Jean-Jacques Graise, Deputy Executive Director of the WFP, said the agency had been very successful in fighting highly visible cases of starvation, spending close to \$1.5 billion. But there was no money for hundreds of millions of starving people who were not in the limelight. They faced slow and invisible starvation. The world should not be satisfied with saving the victims of war, drought and floods, but must also spend on school feeding and nutrition programmes for school children and pregnant and nursing mothers.

Asked to describe the impact of the current emphasis on military spending for the war in Afghanistan and a possible attack on Iraq, Mr. Bage said there was a growing realization of the necessity not only to fight terrorism, but also the causes of such breeding grounds as poverty and failed States. There must be a short-term and longer-term approach to the anti-terrorism war. Without a commitment to development, there would be growing instability.

Asked whether the Monterrey Consensus strengthened the momentum for trade negotiations, Mr. Bage replied that the document was an agreed platform, which must now create momentum to go further. Farmers in developing countries faced not only tariff and other barriers, but also export-subsidized competition from developed countries. That was one of the foremost areas for trade negotiations. Making a start to improving that situation was an extremely important priority.

On the question whether there was any evidence that the countries of the Organization for Economic Cooperation and Development (OECD) were willing to open their markets to the developing countries, Mr. Bage noted two positive signs: the European Union's so-called 'Everything-but-Arms' decision giving access to the least developed countries, and the growing debate on the effects of the present system. Those factors could lead to change and improvements, but that would not happen automatically, he added.

Mr. Graise said that another positive sign was the outcome of the Doha World Trade Organization Summit, which had recognized that developing countries must have a greater say. The wealthy countries must not only give market access, but also help to build capacity in the developing world as part of a necessary pro-poor financing effort.

Press Conference by

Executive Director of UNICEF
19 March 2002

Economic development must go hand in hand with human development, Carol Bellamy, Executive Director of the United Nations Children's Fund (UNICEF), told correspondents at a press briefing this afternoon.

Ms. Bellamy, who presented a report entitled 'Finance Development: Invest in Children', said no country had ever sustained rapid growth with high levels of infant mortality or illiteracy. The majority of people who lived below the poverty line in the world were women and children, she noted. She was attempting to infuse into the debate the importance of investment in health and education if sustainable development was to be achieved.

Asked about the education of children in the Financing for Development context, Ms. Bellamy said that, while enrolment rates had increased around the world, 120 million to 130 million children of primary school age were not in school – 60 per cent of them girls. Girls who received an education were more likely to grow to be an adult, she noted. There was a direct link between economic vitality and investment in health and education, she continued. The upcoming UN General Assembly special session on children would be a bridge between the current Conference and the upcoming Johannesburg Summit on sustainable development.

Another correspondent asked what the Executive Director hoped to bring back from the Conference. Ms. Bellamy said she hoped there would be more discussion of investment in human resources as key to achieving economic vitality. Other aspects of development were important, but finance ministers must see that their economies would grow through support of education and health.

Press Conference by

**UN-HABITAT Executive Director and
the Mayor of Monterrey, Mexico
19 March 2002**

Some 1.2 billion people in the world lived without adequate shelter, Anna Kajumulo Tibajuka, Executive Director of the United Nations Human Settlements Programme (UN-Habitat), told correspondents this afternoon.

Speaking at a press conference, Ms. Tibajuka welcomed recognition in the Monterrey Consensus that provision of adequate housing must be addressed. In that context, she noted that paragraphs 16, 18 and 19 of the Consensus dealt specifically with settlement issues.

Felipe de Jesus Contu, Mayor of Monterrey, who was also present at the press conference, said that inequality existed in the city of Monterrey especially on the fringes. There must be an economic impetus to deal with the lack of housing – this was one of the main aspects UN-Habitat was promoting. He hoped that the relevant paragraphs of the Monterrey Consensus would meet with agreement to aid those living in poverty to have a decent standard of living.

Responding to a question, Ms. Tibajuka said that a key challenge to be faced was to give everyone a home. Sometimes this was forgotten. She hoped that the Conference would lead to agreement on programme of housing finance. International cooperation was needed to reach that goal.

To another question, she said Mexican cities had grown very rapidly. Latin America had been urbanized up to 80 per cent. People were moving, she noted. Cities were centres of economic growth and cultural liberation, and people were drawn to them. “We cannot lose site of this reality”, she said. Under UN-Habitat, the United Nations was trying to confront the resultant problems of development.

Taking up another question, the Mayor said the north-west part of the city was its lowest income area. It had unplanned sections where there were irregular settlements that had had a negative environmental impact. He had wanted Ms. Tibajuka, who had accompanied him on a visit of the city that morning, to see the different aspects of Monterrey.

“What was the United Nations doing to help Mexico with its settlement problems?” a correspondent asked. Ms. Tibajuka said that the Organization was doing a lot both practically and in terms of policy. Delivering a home for everyone was one of the challenges of the time – this issue afflicted

even the rich countries, which meant that both the North and the South were involved. The starting point for the Habitat Agenda was political will, she said. Leaders of the world must reject homelessness. The Agenda involved both social and economic aspects. She was here to galvanize resources to solve settlement problems and help encourage political will. The poor must be empowered and their situation eased. She said UN-Habitat had benefited from support from the European Union, in particular, from the United Kingdom. She also cited Sweden, United States, Belgium and Norway as having provided key support.

Answering another question, she saluted the transparency demonstrated by the Mayor in showing her the problems facing Monterrey. The city had made commendable progress in building infrastructure in the face of rapid urbanization.

Queried about the financing of UN-Habitat programmes. Ms. Tibajuka said the international community, through this Conference, was taking the problem of poverty on itself. The poor, especially women, must be empowered with land and property rights.

Press Conference by

**World Health Organization
20 March 2002**



Ms. Gro Harlem Brundtland, Director-General of the World Health Organization addresses the press in Monterrey, Mexico, along with Minister of Health of Mexico, Mr. Julio Frenk, and Special Adviser to the United Nations Secretary-General on Millennium Development Goals, Prof. Jeffrey Sachs.

The Director-General of the World Health Organization (WHO), Gro Harlem Brundtland, said at a press conference in Monterrey today that there was no reason not to do what was necessary to deal with

urgent humanitarian needs and spur economic growth in poor countries. Joining Dr. Brundtland were the Minister of Health of Mexico, Julio Frenk, and Special Adviser to the United Nations Secretary-General on Millennium Development Goals, Jeffrey Sachs.

Professor Sachs insisted he would be “rationing” lives unless the rich countries stepped up and put money into the new Global Fund to fight HIV-AIDS, tuberculosis and malaria. There was no time for delay – millions of children would grow up without their parents unless “we begin to act and act now”. He assured donors, “we are going to be good stewards of the money but we can’t ration life and death like this any more”.

Dr. Brundtland said the focus of the Conference should be on the role that health played in development. There had to be an investment in people and a decent human approach in order to see positive economic growth. Investing in people was crucial and would yield enormous benefits and allow millions of people to emerge from poverty.

In 1999, she said she had asked leading economists and Professor Sachs and an expert group to look at the links between health and development. That commission produced its report last December. It showed how disease drained economies and how investment in health spurred economic growth. Improving people’s health could be the single most important determinant of economic growth in Africa. The proposals in the report showed how to invest in health and save eight million lives per year in doing so.

“We know what needs to be done”, she said. The survival and destiny of children was crucial to the future. Any serious attempt to stimulate global economic and social development and promote human security had to address that enormous burden. Several health goals had been implied in the key Millennium Development Goals. That required a considerable scaling up of investment in poor countries and poor peoples. The comprehensive global strategies were in place, she said, adding that it was just a question of having sufficient resources. Of course, trade was essential, but in order for trade to work, people had to be able to produce and be healthy enough to do so. It was not a question of choosing between trade and aid; it was a question of doing both.

Professor Sachs said Monterrey could be a turning point in terms of the division between the rich and the extreme poor. Nothing was more important in making that turn than to help the poor stay alive and become viable members of society. Health was at the centre of the Monterrey agenda. It was not possible to talk about a partnership between the rich and poor if the rich were standing by while poor were dying as a result of poverty.

Mr. Sachs said that millions each year in impoverished countries were dying of AIDS, malaria, tuberculosis, and other diseases that could be prevented by a single vaccination. WHO knows how to help save those people, but to reach those life-saving interventions to everyone who needed them, a lot more help was needed from the rich countries, he said. While the Conference dealt with important issues like trade and foreign investment, without development aid for health, the goals set for a civilized world in which people did not die because they were too poor to stay alive would not be met.

The Millennium Development Goals were clear and centred on health. The real test was whether the rich countries stepped forward now to help, he stressed. The test was not for future years, but in the coming weeks. The new Global Fund to fight AIDS, tuberculosis and malaria had received more than 300 proposals for funding that could keep people alive in more than 50 countries. But, there was not enough money now to fund them.

The turning point was going to come in Mexico where there was not only a wonderful process of democracy under way and tremendous development aims, but also representation by leaders of global public health. “Let’s give them the tools to do what they have to do. Then, we will see a historic turn that will start here”, Mr. Sachs said.

Asked to expand on the eight-week deadline for raising money for the Global Fund, Professor Sachs said that proposals were made to the Fund on 19 March, and the Board would decide on funding them at the end of April. There was not enough money. He hoped the Board, therefore, would turn back to the donors and say there were bonafide public health proposals on the table, for which more money was needed.

Replying to a question asked in Spanish, Dr. Brundtland said that there was a need to inspire and promote good governance, democracy, and institution-building, leading to sustainable development and countries’ ownership of their own destiny. On the other hand, there were failed States, where people lived in refugee camps and there was no democracy

or sound institutions. Good governance was essential, including fighting corruption. Also crucial was to seriously care for people in humanitarian catastrophes and other difficult situations. Donors had to respond to both situations.

How could the panel be sure that Monterrey would be a turning point, another correspondent asked. Professor Sachs said he was aware of the many commitments made over the decades, including health for all by 2000. What was different now, for one thing, was that the United States had managed not to give much help to the poorest countries for the last generation. But 11 September was a tremendous wake-up call in the United States, as was the United Nations Millennium Summit for the whole world.

So, for the first time in a generation, the United States was now talking about increasing aid. That was a sign that something was different now. Also, the AIDS pandemic, having affected some 65 million people, had also shocked the world and made it a more dangerous place. There was a historic chance now. It was not sure by any means, but it was a chance. The statements by the United States and the European Union committing to aid were 'break-through' speeches. He was optimistic, but by no means complacent.

Press Conference by

UNFPA
20 March 2002

With illiteracy and ill health still the norm for half the world, one sure way of dealing with those problems was investing in women – that was an investment with guaranteed high returns, said the Executive Director of the United Nations Population Fund (UNFPA) at a press conference this morning in Monterrey.

Ms. Thoraya Ahmed Obaid said that today's paradoxical world was defined by the fact that the 10 richest nations individually were richer than the ten poorest nations combined. That must be resolved. Today, women and men lived and suffered the consequences of poverty, malnutrition, chronic ill health, exposure to communicable diseases, and maternal mortality, and 40 million were living with HIV/AIDS. She said it was possible to end poverty, at least, extreme poverty. "We all knew what needed to be done and, to a large extent, how to do it." And the

root causes were beginning to be understood. For example, it was clear that economic poverty had social roots. Achieving the desired goals would lay a foundation for eradicating poverty, but resources were needed.

Throughout the Fund's decades of work, certain lessons had been learned, including that when women were empowered and educated, and in good health, the benefits derived did not go to them alone, but also to their families, communities and nations, she said. The UNFPA had had some success in terms of deciding the number and spacing of children, the main aim of the 1994 International Conference on Population and Development in Cairo.

Ms. Obaid said that \$17 billion was to have been mobilized in 2000 for population activities, but, so far, only \$11 billion had been raised. And, while the developed countries had not reached 50 per cent of their share, the developing countries had attained 80 per cent from domestic resources to meet their commitments.

Turning to official development assistance (ODA), she said the decline must be reversed, since failure to meet the agreed target would set back achievements and increase the gap between poor and rich. In Monterrey, leaders should pledge more support to women and free them from poor health and lack of education. "Investing in women is investing in change and in the future", she said.

Asked how the gender issue fared in the context of the Monterrey Consensus, Ms. Obaid said the outcome text had reflected the issue of women's rights in some three or four places, so there was some attention being given to those issues. It should also be remembered that the Millennium Summit goals, such as decreasing maternal mortality and preventing HIV/AIDS, including minimizing the effect on women, must be implemented. She added that, in some African countries, for every man who was infected with HIV/AIDS, six to eight girls were infected. In general, resources should be mobilized so that women, in real terms, were not excluded from the agenda, whether in terms of education, health or HIV/AIDS prevention.

Press Conference by

**President of Venezuela and
Chairman of Group of 77 and China**
21 March 2002



His Excellency Mr. Hugo Chávez Frías, President of Venezuela, meets the press in Monterrey, Mexico.

Venezuela proposed to form an international humanitarian fund into which developing countries could pay 10 per cent of their external debt and 10 per cent of their military expenditure to save the lives of children dying of disease and hunger around the world, Hugo Chávez Frías, President of Venezuela, said at a press conference this afternoon.

Responding to correspondents' questions, he stressed the need to raise international awareness of the inequality in the world, saying that such a fund was important for the common global fate. Nobody could doubt that, for many countries, servicing external debt meant that their people would starve to death. Debt cancellation would be a highly humane gesture, he added. As Chairman of the 'Group of 77' developing countries and China, which represented four fifths of the world's peoples, he said he had criticized some of the elements that were the principal focus of the International Conference on Financing for Development, including debt and official development assistance (ODA). Although countries had committed themselves more than 30 years ago to contribute 0.7 per cent of their gross national product (GNP) to ODA, most of them contributed barely 0.2 per cent.

Referring to the Conference outcome document, President Chávez said a consensus was relative and did not mean turning a blind eye to those who were starving. "We must ensure that the consensus turns into achievements and is not a dead letter", he added.

In response to a question, he said Cuban President Fidel Castro's statement to the summit was a call for the world to think. He had cited figures that had been corroborated and that showed that three people in the world had greater wealth than the gross domestic product (GDP) of 40 developing countries. "I agree with Fidel's vision because he is awake to the world situation. The world must begin to change the terrible phase in which it finds itself", President Chávez said.

Asked why President Castro was leaving Monterrey early and whether his departure was a result of United States' pressure, he said the Cuban leader had said what he had to say in his usual resounding manner and now he was leaving the delegation in the hands of Ricardo Alarcon, Speaker of the National Assembly. He said he did not know why President Castro was leaving. "I am also about to leave today because I have matters to deal with in Venezuela", he added. President Castro's departure would not diminish the importance of the Summit.

President Chávez told another journalist that he had read that President George W. Bush of the United States was concerned about Venezuela. "I am thankful for that and I, too, am concerned about the United States – the Towers, the terrorism and the energy. We have seven refineries on United States territory and 13 fuel stations providing fuel from Venezuela", he said, adding, "We are also concerned when we meet here in Monterrey to discuss the problems of the world – Latin America, Africa and Asia."

Press Conference by

European Union
19 March 2002

Poul Nielson, European Commissioner for Development and Humanitarian Aid, European Union (EU), announced an increase in EU official development assistance (ODA) to 0.39 per cent of gross national product (GNP) – from the current 0.33 level – which would translate into an extra \$7 billion in aid per year from EU member States by 2006. The new EU level of 0.39 per cent was not the end of the story, he stressed, as the 0.7 per cent target was still the goal to which the Union was committed. The recent decision meant that those Union members that were presently below the average level of 0.33 per cent of GNP would reach that level by 2006, at the latest.

On the most modest assumption, that new figure would mean that aid from EU member States would increase by an extra \$7 billion per year by 2006. When that amount was accumulated for the period between now and 2006, some extra \$20 billion would be made available from the Union. He welcomed the Monterrey Consensus, which he felt was a balanced platform from which new ideas could be launched. It was necessary to have real and tangible results in Monterrey, which would lead the way to Johannesburg. A progressive outcome in Monterrey confirming global cooperation was the best way to create a basis for success in Johannesburg. "If we don't deliver now this week, we risk an unproductive and unclear focus in Johannesburg."

He hoped the current week would be a turning point in the effort to fight poverty. Never before had there been such a broadly agreed consensus on what constituted good development policy. As it was felt that there was more to be gained from an in-depth analysis of global public goods, Commissioner Nielson also proposed, from the European side, the establishment of a task force to study its implications for financing for development.

Responding to a question, he noted that the total level of aid from the 15 member States of the European Union amounted to around \$25 billion compared to \$9.6 billion from the United States. There was room for contributions from everyone and there was no need for comparisons, he said. Every country could improve in the area of development assistance. "That is why we are here this week."

Asked if giving grants versus loans would "break the World Bank", he replied that it depended on the shareholders of the Bank. It was clear that the limiting factor at any replenishment negotiations had been the level of contribution available from the United States. The shareholders of the Bank would have to discuss that issue. It was evident that, without additional funding, a change in the direction of grants would lead to dire consequences for the Bank.

On whether the European Union was planning to increase its foreign direct investment in Latin America, he said that the issue was one to be decided on by businesses and not governments. In 1998, the EU share of all private flows to developing countries was 56 per cent. In 2000, that figure was 69 per cent. The problem was that only a very small share of global foreign direct investment went to the poorest countries. Something had to be done about that, he stressed.

Press Conference by

European Commission
20 March 2002

The European Union had never before had a common position on official development assistance (ODA), and the organization's agreement to define the issue was, therefore, timely, Poul Nielson, European Commissioner for Development and Humanitarian Aid, European Commission, said at an afternoon press conference today.

Noting that there was a link between ODA and foreign direct investment (FDI), he said they did different things, and more money was poured into the latter. However, only 3 per cent of FDI went to sub-Saharan Africa, and that was where ODA became important. Describing development assistance as an organized handshake, he said that giving it in an organized and predictable fashion meant that the recipient countries could count on it. He also called for money to be made available as a peace dividend in Sri Lanka, the Democratic Republic of the Congo, and other countries emerging from conflict. Pointing out that ODA had never been as thoroughly discussed, organized and coordinated as it was today, he stressed the need for the Conference to set new targets. Hopefully, the remaining days would inspire an effort to define those new goals.

Also present at today's press conference was José Piqué, Foreign Minister of Spain, who reaffirmed, on behalf of the European Union, the organization's commitment to increase ODA from 0.33 per cent to 0.39 per cent. He reiterated its commitment to the agreements reached at Doha, as well as to continue working towards the Johannesburg World Summit on Sustainable Development.

Responding to a correspondent who asked what the European Union, on one hand, and Spain, on the other, thought about progress in coordinating development assistance, Mr. Piqué said the policies of the different European countries should complement each other and generate synergy to become more than the sum of their parts. The European Union had made more of an effort in providing ODA, in absolute, as well as relative, terms, and was ready to continue doing so.

Asked why there was such a large gap between big contributors like the Netherlands or Sweden, and others like Germany, which gave only 0.06 per cent, Mr. Nielson said tradition was part of the answer. It took time for a country to reach the higher levels. The gap also reflected the slow impreg-

nation of a country's culture over many years. Official development assistance had only been discussed multilaterally in the Organization for Economic Cooperation and Development (OECD) and at the United Nations. It was the first time European Union member States had reached a common position.

Mr. Piqué told another journalist that it would be a mistake to see the European Union's vision as being opposed to that of the United States. The two were coherent and complementary.

Press Conference by

President of the Government of Spain
on behalf of the European Union
22 March 2002



President José María Aznar of Spain (right) and European Commission President Romano Prodi address the press

The International Conference on Financing for Development had been a huge success from the perspective of the European Union, Mr. José María Aznar President of the Government of Spain told correspondents this morning.

At a joint press conference with European Commission President Romano Prodi, Mr. Aznar said the Conference had achieved consensus on three levels: an internal consensus within the European Union on official development assistance (ODA), a European Union consensus with the United States on ODA, and a consensus between donor and recipient countries.

President Aznar, whose country holds the rotating European Union presidency, said the European Union contribution to development went slightly further than the Monterrey Consensus, but was fully in line with it. Those countries that had already achieved the agreed 0.37 per cent average ODA level should maintain it, and those that had not should aim for 0.39 per cent.

He said discussions had reached consensus on the rule of law, equality of opportunity for men and women, openness to investment, greater liberalization of trade, as well as improvement in trade quantity and quality, and monitoring of results on the ground. Combating poverty and achieving development should not be aimed only at those who needed it most because that would exclude some countries, he added.

Mr. Prodi said the consensus had not started with the Monterrey Conference and would continue at the Johannesburg World Summit on Sustainable Development. Monterrey must be seen as a step in the direction of more sustainable development. The real question was how to gain the maximum development for the greatest number possible. Noting that Africa was not only Europe's neighbour, but also the continent most in need of development, he said the Commission would push education initiatives in that region.

Asked his reaction to the summit statement by United States President George W. Bush, Mr. Aznar said he had approached the ODA issue from the right perspective, stating his concern to maintain the effectiveness of aid to the least developed countries.

Mr. Prodi said the United States was heading in the right direction. Only a strong engagement between Europe, the United States and Japan could bring about a change in the effectiveness of ODA. Pointing out the contradiction between the European Union's stated commitment to opening its markets and its raising of barriers to steel, cereals and fruit juice, another correspondent asked whether that action would not hurt Brazil and other developing countries. Mr. Prodi replied that the action had nothing to do with developing countries, but was a purely bilateral decision. "We need to protect ourselves from the consequences of United States steel measures. It will last only as long as the United States measure lasts", he said.

The President of Spain said the European approach would be made clear at the Madrid Summit to be held in May between the Union and the Latin American and Caribbean countries. Asked if it was reasonable for poor countries to ask the wealthy

nations to eliminate subsidies in exchange for an opening of markets, Mr. Aznar said it was not possible to take a fragmented view. You could not have development with closed markets, State intervention and lack of education. He noted that some countries had major natural and energy resources, but their development depended on other factors. "Spain was receiving ODA in 1981 and now we are among the top 10 donor countries, due, to a large extent, to institutional consolidation, democracy, education, Union membership and other factors", he added.

Another journalist asked which developing countries were included in the European Union's 'Everything-but-Arms' initiative. Would tariffs be removed for their goods? Mr. Prodi replied that the initiative involved the 49 poorest countries in the world, which would be exempt from tariffs on sugar, rice and bananas.

Press Conference by

United States of America
19 March 2002

Mr. Alan Larson, United States Under-Secretary for Economic, Business and Agricultural Affairs, outlined his country's position regarding development assistance, trade and investment, at a press conference this afternoon.

He highlighted the announcement made last week that the United States would increase its international assistance by \$5 billion over the next three budget years. That initiative would achieve, in the third year, an annual level of assistance that was 50 per cent larger than current levels. The President had stressed the need for accountability on the part of both developed and developing nations, as well as the need for good governance and an economic policy framework that promoted entrepreneurship.

On trade and investment issues, Mr. Larson said that the exports of developing countries had doubled over the last decade and were expected to double again in the next decade. Imports to the United States from sub-Saharan Africa had increased by 17 per cent last year. There would also be a high premium on moving ahead with implementation of the Doha agenda.

He said there was now widespread agreement on the crucial role of private investment for promoting development. Mexico, for example, was attracting a lot of investment. A number of other countries, such as Uganda and Honduras, had increased their foreign direct investment (FDI) flows over the last decade. There was an important role for partnerships between the governments of developing countries and private businesses.

Asked how the United States compared to "our brothers in Europe" with regard to international assistance, Mr. Larson replied that the United States was very engaged in the development process in several ways. The first was through its market. The United States was importing \$450 billion from developing countries. FDI flows were an important contribution – even larger than overall official development assistance (ODA) levels – as were remittances and private philanthropy. On ODA numbers, he continued, the United States had a positive record. The President had outlined a proposal, which would bring the United States, to a point in three years, where it would be contributing \$5 billion more than had been projected.

With regard to his country's position on the use of special drawing rights (SDRs), he said that the SDR approach to development assistance was not a promising path. The idea was to try turning SDRs into a development tool. Some had advocated that idea because it was a shortcut and would involve avoiding parliaments and congresses. He believed it was necessary to go to parliaments and congresses.

A correspondent asked whether the United States had anything to do with the removal of the call for doubling ODA, which had appeared in earlier versions of the Consensus. Mr. Larson said that his delegation had worked hard to reach agreement on a strong commitment. In the past, some countries were talking about a 0.7 per cent ODA target even though assistance levels were moving in the opposite direction. The approach in the consensus represented a credible commitment. The United States believed that when it committed itself to a process, it should take it very seriously.

As to where the extra \$5 billion would come from, he said that it would be necessary to go to Congress and the American people and show them that it would be a sound investment and which would be targeted on achieving the desired development outcomes. Every American had a stake in seeing that development succeeded. It was an opportunity, through investment and trade, to have growth outside the United States contribute to growth inside the United States.

Press Conference by

United States of America Secretary of the Treasury
20 March 2002



Treasury Secretary of the United States of America, Mr. Paul O'Neill, speaks to the press

At a press conference today in Monterrey, United States Treasury Secretary Paul O'Neill laid out in full President Bush's 'Millennium Challenge', which would increase aid by \$5 billion to the developing world, reflecting his determination to play a useful and significant role in world economic development, while holding both receiving and donating nations accountable for real results.

[A paper distributed by the Treasury Secretary at the press conference shows the new Millennium Fund figures, as follows: 2004, \$1.66 billion; 2005, \$3.33 billion; 2006, \$5 billion; and 2007 and beyond, \$5 billion.]

Clarifying a report by two newspapers that, in addition to the announced \$5 billion increase in United States foreign aid, there would be an additional increase, he said, that President Bush had said he wanted to provide a substantial increase in aid – looking towards raising the current level, which was at about \$10 billion per year, up to a running rate in fiscal year 2006 of \$15 billion per year. That represented a 50 per cent increase. The process would work its way up beginning in fiscal year 2004.

He said that that was a very substantial increase in assistance, but importantly tied to the idea of seeing “real results” in terms of an improving level of living standards in developing countries around the world. That was a very big demonstration of commit-

ment by President Bush and the American people that they were determined to play a useful and significant role in world economic development and hold both receiving and donating nations accountable for real results.

Asked why the United States, to which people were looking to set the pace for increased assistance, was still spending one fourth of what the European Union was spending on development aid and could not do better, Mr. O'Neill said, “we need to demonstrate that we know what we're doing” and that had not meant spending more money, but getting results from money spent. Charitable giving in America in 1998 was \$175 billion, he continued. Americans did not lack compassion or a charitable spirit. Getting results was the issue – meaning, substantial increases in the earned income level of the world's people. “If we can show that we can cause that to happen, plenty of funds will flow”, he added. He said that if there was going to be real economic development globally, most of that development was going to come from capital coming into countries to create private enterprise that, in turn, created jobs and higher levels of living. “We're not going to do it with welfare”, he added.

Before turning to a series of other questions, the Treasury Secretary provided brief opening remarks. Earlier today, he said, he had had bilateral meetings with four countries to discuss topics of the Conference and other issues of significance to the world, including President Bush's 'Millennium Challenge', aimed at producing “real results” and doing that more quickly than had been the practice over the past decade.

Also discussed today had been the terrorist finance problem, on which all civilized nations of the world were working, he said. Ideas about converting a substantial part of financial assistance from loans to grants, among other issues, were also taken up.

Asked about a report of the World Bank being launched today, he said he had not seen the final version. He still believed there was work to be done to sharpen understanding of past lessons. He was looking forward to the final version of that report.

Replying to a question about whether the United States economic slowdown was over, he said he thought the country was on the road to substantial recovery. Everyday seemed to bring new figures, which confirmed the strength of that recovery. Housing numbers released for last month had shown continuing strength in new housing starts and an increase in the number of permits granted. That was

on top of a very impressive set of figures on productivity growth in the fourth quarter, of 5.2 per cent, and that appeared to look good for the first quarter. All of that was good news for the United States economy and the rest of the world.

Asked further about the aid conditions and whether the United States was willing to forgive any debt, he said President Bush had indicated that he would create a set of measures for that purpose. He had instructed the Treasury Secretary and Secretary of State Colin Powell to work together with other nations and international institutes to come to a conclusion about what the right measurement standard should be. That was aimed at assuring that the receiving countries were moving or had arrived at a condition where the rule of law worked, where contracts were contracts, and where the leadership was taking measures to root out corruption, he said.

The Administration was looking at how to think about outcomes rather than inputs, he added. In education, for example, rather than use the numbers of children enrolled as a measure, the standard could be whether a child aged 10 could read or write. "We want to see success as measured by an improvement in the living conditions and income levels of people in developing nations around the world, and we think the formulation of these measures is a critical part of doing this", he said.

With many countries in Africa down to their last few assets, what steps were being taken to help ensure that those countries were not left with nothing, another correspondent asked. Even before the new initiative, Mr. O'Neill said, substantial funds had been allocated for helping countries worldwide. And President Bush had indicated his own high level of interest in the specific subject of African development.

Asked to elaborate on reports that he had disagreed with President Bush on the decision to impose tariffs on imported steel, he said that that question had come from hearsay. When the correspondent said she believed it had been written in The New York Times, he responded that yes, that was what he had said, "Your story comes from hearsay."

He said that President Bush's value system was deep and positive. When the President had asked him to join the Government, he had not asked him to leave his brain in the private sector. So, when the President asked for his counsel prior to a decision, he spoke from knowledge and experience and told him what he thought. When the President told him what he thought was the right answer for the country, "I am always behind him."

To a question about what the United States was doing about the situation in Argentina, he said that in November 2000, under President Clinton, it was decided that the Argentine situation was critical, and a programme was supported for Argentina through the International Monetary Fund (IMF) that would provide \$43 billion in public and private funds. Then, in April 2001, Argentina was out of money again.

So, he continued, the IMF was presented with a proposition stating that Argentina needed another \$20 plus billion. As much as the United States Government was concerned about the sustainability of yet another big allocation of money for Argentina, it agreed to go along. By August, that was all gone, as well. So, it agreed to another programme that was never fully drawn.

"How much was enough and could anyone look at the social disorder on the television and find anything but sorrow over what is taking place in Argentina", he asked journalists. The question that had been asked of him suggested that it was an act of willfulness to, in effect, say "too bad" to people. In fact, no one cared more about Argentina returning to a sustainable economic condition than President Bush and others in his Administration.

He added that the Government detested the social dislocation going on there and had been working daily behind scenes to try to help, as the Argentine Government struggled with those difficult issues. Tomorrow, he would have a bilateral meeting with Argentina's Finance Minister.

On the flow of private money to direct investments, another correspondent had heard from ambassadors of small countries with good governance that no money was reaching them. How could it be ensured that direct investments went in those directions, as well? Also, the world had heard so many United States promises, but fulfilling them sometimes became deadlocked in Congress. Was he safe with the \$5 billion?

Mr. O'Neill said there had been a positive response so far from members of Congress to the President's "suggestion". The criteria used would be a demonstration of movement towards the underlying principles that could create successful economic development as a device for deciding where money should flow.

Press Conference by

Former United States President Jimmy Carter
19 March, 2002



Former President of the United States of America, Mr. Jimmy Carter, at a press conference in Monterrey, Mexico.

“I wished I had known then what I know now about the Third World”, former United States President Jimmy Carter said today at a press conference in Monterrey, referring to how little Americans understood about how little they gave and how desperately aid was needed.

The Monterrey Conference could serve to educate the American people, he said. Also, the Conference might well stimulate the rich countries to be more generous and encourage the developing world to vastly decrease the corruption and waste in their countries. At the same time, waste and corruption decreased on their own when aid touched people on a personal level.

He said the greatest challenge was bridging the divide between those nations that had everything and those whose citizens were living in abject poverty. During a recent trip to Africa, where he had visited some ten nations with Bill Gates, Sr., he had seen first-hand the lack of investment in the treatment of HIV/AIDS, for example. That had been “a real eye opener in the field of health”.

The United States gave one-thousandth of its gross national product (GNP) to overseas development, while Europe and Japan gave approximately three times that much, he continued. “We were all shocked obviously by the tragedy that occurred in New York on September 11th in that savage terrorist attack”, but in Africa alone, that many people died

every 12 hours of AIDS. And, much of that could be prevented. Development assistance was critically important if it was spent wisely and effectively.

Allocating funds for health for a particular disease, whether malaria, river blindness or AIDS, however, was a different story, he said. If a top official began to steal that money, he or she was more likely to get caught because people would rise up and demand that that waste be stopped. Improving the quality of someone’s life meant development assistance was less likely to be wasted or subjected to corruption.

Asked about United States President George Bush’s proposal for increased aid to developing countries, he said he was pleased at his statement and commitment. That had been a long-awaited and dramatic statement, but it should be put in perspective. However, the effective date would be in fiscal year 2004, while the needs were urgent now. Also, part of President Bush’s statement concerned the need to meet certain criteria before that aid became available to a particular country. It was important to be “generous and not just demanding”, he added.

Just 10 days ago, he said, he had visited the only clinic in the Central African Republic, where 267 people were suffering from advanced AIDS, most of them women with small children. There was “zero medicine, zero treatment, zero programmes” for AIDS prevention. The women had just come for a morsel of food to tide them and their babies over for the next day.

He said that 90 per cent of the beds in the local hospital in the capital city of the Central African Republic were filled with AIDS victims. Now, if that country could not receive aid until it proved it was efficient, it would never get the help it needed. “We can’t expect a country to fulfil criteria in advance that might be beyond its reach”, Mr. Carter said.

A correspondent said that, notwithstanding President Bush’s promise of \$5 billion, it seemed that the dominant United States’ position was that trade was better than aid, and an unseen, but all-seeing, hand of the market would cure all ills. What did he think about that?

Mr. Carter replied that the developed rich nations had imposed trade restrictions on the poorest nations that far exceeded any total aid that they gave. For instance, in agricultural protection alone, “We cost the developing world three times as much as all the overseas development assistance that they received from all sources.”

He added that when anyone talked about increased trade as a substitute for supplementing aid, they should look at how those countries were prevented from trading. So, in addition to giving foreign aid, the trade barriers that prevented countries from marketing their only attractive natural resources or produced goods should be reduced.

Replying to a question about whether the United States should pledge to give 0.7 per cent of its GNP to official development assistance (ODA), he said, yes, but that was an unlikely prospect now. Yet, the Europeans had pledged 0.39 per cent of their GNP compared to the United States' one-tenth of one per cent.

Asked whether Mexico's President Vicente Fox was a model leader for the developing world, Mr. Carter said that President Fox had done a good job, and his positive relationship with President Bush would be helpful to his country. He added that Mexicans and others should be given amnesty or an opportunity to remain in the United States legally and continue to do their vital work.

Responding to a question about farm subsidies, he said that agricultural barriers had been reduced or eliminated with Canada and Mexico and that had not hurt the American farmers. The next step was to turn the hemisphere into a free-trade zone. Compensatory efforts should be made when the export potential of the truly poor nations was hurt.

When he was President, he said replying to another question, foreign aid had been between two- and three-tenths of 1 per cent. As President, he had had a constant annual battle with Congress to increase that aid, pointing out that each dollar invested by the United States benefited it to the tune of about \$6. During the cold war, he added, one purpose of giving assistance to an African nation, for example, was to keep the Soviet Union from coming in and buying their friendship with a higher level of assistance. At that time, Congress was more receptive to foreign aid programmes. In terms of agricultural subsidies during his Administration, those were probably about the same as now.

Responding to a question about the recent United States' decision to stop contributing to the United Nations Population Fund (UNPFA), President Carter said he was not familiar with that decision, but one factor in the White House and Congress that seriously damaged health programmes around the world was the preoccupation with the abortion issue.

Under Presidents Clinton, and George Bush, Sr. and Jr., there had been a very tight restraint on allocation by Congress of funding for any programme involving family planning, if that could possibly encompass abortion. Now, as a leader of a non-governmental organization that invested half its efforts in the health field, he saw the adverse effect of those restraints on public health. That debate was still in its formative stage and had not yet been resolved.

Press Briefing on

**Ministerial Round Table:
Partnerships in Financing for Development
19 March 2002**

"Ministerial Round Table A2 had discussed the need to change the terms of international investment, a complex undertaking requiring rules to govern disorderly capital and financial flows", Co-Chair Didier Opertti-Badan told correspondents at today's evening press briefing.

Mr. Opertti-Badan, Minister for Foreign Affairs of Uruguay, said that, according to figures, 75 per cent of investment was carried out in the industrialized countries, creating a circuit that had frozen the development process. If that continued, the investment share of underdeveloped and developing countries would never be enough to attain higher levels of development.

Regarding international debt, he said the round table had heard a proposal by the head of the Economic Commission for Latin America and the Caribbean (ECLAC) to create a regional inter-bank network among central banks works, establishing a massive, manageable fund. A decision to use such resources would not be a mere discretionary act, but rather a conscious decision taken in light of the possibility of the countries concerned to repay them.

That idea had financial, as well as political, value, he said. Politically, it would remove the influence of alien financial institutions that were out of step with the countries of the region. The Bretton Woods agreements should be revised, he added, but they had become, like the United Nations Charter, almost untouchable.

Paa Kwesi Nduom, Co-Chair of Ministerial Round Table A1 and Minister for Finance of Ghana, said the meeting had expressed concern that, despite their calls for market liberalization, developed countries themselves had not liberalized. "Let's practise what we preach", he said. The round table had also

concluded that aid should not be tied to the purchase of goods from the donor countries. Official development assistance (ODA) should benefit the recipient countries and not the donors, he added.

The Co-Chair said concern had also been expressed that, despite their best efforts, most developing countries would be unable to meet the Millennium Goals on their own without a significant increase in ODA. Pointing out that more than half of Africa's population existed on less than a dollar a day, he said domestic tax revenues would never be enough to generate development, no matter what reviews and structural adjustments were carried out.

Shaukat Aziz, Co-Chair of Round Table A3 and Finance Minister of Pakistan, said his meeting had reached consensus on the need to build greater ownership of partnerships between donors and recipients.

The meeting had also discussed the effectiveness of donors and of aid, he said, adding that there was also a need to monitor the donors, as well as the recipients. He also stressed the need to build absorptive capacity in developing countries; otherwise, throwing money at them would be futile. Aid should not be seen as a permanent crutch, but only as a vehicle to make them recipients self-reliant.

Mugur Isarescu, Co-Chair of Round Table A4 and Governor of the National Bank of Romania, said his meeting had discussed the need for domestic and international reform. On the domestic level, that would include good governance, sound macroeconomic policies, a better environment for private investment and capacity building.

Internationally, it would involve increased market access, debt relief and stabilization of international financial markets.

The round table had also proposed the creation of a forum for business entities from the North and South; an international task force focusing on global public goods; a permanent consultative forum on financial and debt issues; and greater participation by developing countries in resolving international economic and financial issues.

Asked to expound on the proposed regional inter-bank network, Mr. Opertti-Badan said it would involve a high level of decentralization, perhaps resulting in an overall review of the international financial system.

Responding to a question on the closing of the round tables to the media, Susan Markham, Spokeswoman for the International Conference on Financing for Development, said the Preparatory Committee had made that decision. However, the Bureau of the Conference was meeting to discuss the issue.

Press Briefing on

Ministerial Round Table B2: Coherence for Development 20 March 2002

“Coherence” was the main subject discussed today in Ministerial Round Table B2, Co-Chair Eveline Herfkens, Minister for Development Cooperation of the Netherlands, told correspondents at today's evening press briefing.

She said the round table had examined that issue in terms of both the domestic and international financial systems. At home, it was necessary to ensure that, while a minister in charge of agriculture was helping to boost production, his colleague was ensuring a proper market for the increased production. Internationally, financial institutions must actually be working together rather than fighting turf wars.

Co-Chair Trevor Manuel, Minister for Finance of South Africa, emphasized the need for greater openness so that the public would know about any contradictions within the system. Also important was the need for a single contact person, as there was too much insistence on talking with different ministers or on interacting with States or Governments. Equally important was the need for the people in both the donor and recipient countries to know how resources were being spent.

Regarding the issue of selectivity, a correspondent asked how practical it was to expect the World Bank and donors to know which countries were cleaning up their acts. How could politics be kept out of it and what would happen to those countries that failed to clean up? Ms. Herfkens replied that imposing conditionality often did not work, stressing that home-grown programmes were the best bet. There was no point in outsiders trying to get countries to do what they did not want to do. She said some countries in Africa met the good governance and transparency criteria, but still suffered from serious underfunding of their programmes. If that continued, there would be a funding disaster when more countries got their act together, she warned. There was real risk that by 2015 the cheque would still be in the mail.

So, while the pledges to reverse official development assistance (ODA) were good news, the bad news was that the amount of money pledged was too little. There was a need to support countries with good policies, linking that support to their own budgets and their own accountability systems. On the other hand, it was important to build the capacity of coun-

tries lacking good governance owing to poverty. However, there were those that lacked political will to improve governance because the elites wished to continue stealing from the poor.

Another journalist asked whether the United States pledge to increase ODA meant it had accepted the idea of supporting countries with home-grown programmes, since previous administrations had been reluctant to do so. Ms. Herfkens replied that Washington appeared quite open-minded about it. The problem was its very low financial effort.

Mr. Manuel added that it was necessary to remove political cynicism from the equation. Donor aid was higher during the cold war than it was now, whereas globalization required greater catch-up funding.

Of what concern was the question of Zimbabwe in the context of good governance and of the New Partnership for African Development (NEPAD), another correspondent asked. Mr. Manuel said a country could decide to be part of NEPAD or not. He urged the journalist to take up the matter with South African President Thabo Mbeki. Mr. Mbeki was expected in Monterrey tonight from London, where he, President Olusegun Obasanjo of Nigeria and Australian Prime Minister John Howard had decided on Zimbabwe's suspension from the Commonwealth. President Mbeki had also been closely involved with the NEPAD initiative, he added.

NGO Press Conference on

Round Tables 21 March 2002

The need to reform the international financial system was the main theme underlying the non-governmental organizations' (NGOs) evaluation of the Ministerial Round Table discussions, at a press conference moderated by Jocelyn Dow of Red Thread/Women's Environment and Development Organization (WEDO).

Martha Arias, of Intermom Oxfam, who spoke about the Round Table discussion on the theme Coherence in Financing for Development, said that the NGOs, recognizing the incoherence of international trade goals, had called for reform of the international financial architecture. They had proposed that greater transparency would make it possible to address that incoherence by harmonizing policies. In terms of content, developing countries were generally on the same page as the NGOs, she added.

Regarding the Round Table on Partnerships in Financing for Development, Paul Nehru Tennessee, of the World Confederation of Labour, said that the discussion had also focused on the issues of participation and ownership. The NGO position was that a partnership already existed between the international financial institutions, the multilateral organizations and the Group of 8 industrialized nations. The multilateral agencies had usurped the development agenda of the developing countries, whose interests coincided with those of the NGOs.

Roberto Bissio, of the Instituto del Tercer Mundo/Social Watch, said the issue of reforming the World Bank and the International Monetary Fund (IMF) was repeatedly raised during the Round Table on Looking Ahead. The configuration of world power remained the same as it was 50 years ago. Rather than "Looking Ahead", the theme should have been "Moving Ahead" because the Millennium Development Goals had already been established and everybody knew what they wanted.

Asked how they evaluated the summit segment of the Conference so far, Ms. Dow said that President Fidel Castro of Cuba was the only Head of State to address the central contradiction of the existing international system. Mr. Tennessee said that President Castro and President Hugo Chávez of Venezuela had been impressive, whether one agreed with their politics or not. Ms. Arias said the Monterrey Consensus, the Conference outcome document, reflected a prior positioning of the parties involved and seemed to contain many grey areas.

Regarding the conditionality required by funding agencies and other donors, Ms. Arias told another correspondent that, in many cases, aid was used as a tool for wielding influence over developing countries. The insistence on good governance, while desirable, was tied to conditions that were not favourable to those states.

Mr. Tennessee said NGOs intended to press for negotiations with the World Bank, IMF and the multilateral institutions for more space so that they could have greater input in the United Nations conferences. Otherwise, such meetings seemed like public relations exercises. Ms. Dow emphasized the need to ensure that the Johannesburg World Summit on Sustainable Development had the capacity to overcome the mistakes made at the Monterrey Conference. Ms. Arias said that, while NGOs had generally supported United Nations conferences, there was no more time for summits. It was time to move forward.

Press Briefing by

**NGO Caucus of Least Developed Countries
20 March 2002**

Members of the NGO Caucus of the Least Developed Countries this afternoon described the Monterrey Consensus as a step backwards from all the commitments made over the years to help alleviate poverty in least developed countries.

At a press conference on the sidelines of the International Conference on Financing for Development, they said the Monterrey Consensus should be about mobilizing resources to finance all those commitments. Instead, it failed to mention the issues that were of vital interest to the world's poorest countries, particularly debt cancellation and market access for least developed country goods.

Arjun Karki, of Rural Reconstruction Nepal, said that more than 37 per cent of his country's expenditure went into debt servicing. Since the 1950s, Nepal had been borrowing funds in the name of poverty alleviation. The World Bank, International Monetary Fund (IMF) and bilateral agencies had dictated the terms for those loans, as well as the development agenda. And while they demanded good governance, they should also take responsibility for corruption, he said, stressing the need to reform the international financial architecture.

Jean-Pierre Ouedraogo from Burkina Faso said that, as far as the least developed countries were concerned, there had been a consensus at the 2001 Brussels Conference on Least Developed Countries. The Monterrey outcome document added nothing to it. "What did the Brussels commitments mean and how would they be financed?" he asked.

Huguette Bokpe Gnacadja from Benin said the NGO Caucus was tired of unfulfilled commitments. They had been made at the Rio United Nations Conference on Environment and Development (the Earth Summit), the Copenhagen Summit on Social Development, the Beijing Conference on Women, and at the Millennium Summit. Monterrey should be about immediate and concrete mobilization of resources because people were starving now, she emphasized.

Elizabeth Eilor from Uganda welcomed the United States and European Union pledges to increase official development assistance (ODA), but that was simply not enough. Poverty still reigned in the least developed countries, children were still out of schools, people were still dying from preventable diseases, and

communities were unable to feed themselves. Increased ODA was all very well, but other steps, such as debt cancellation, were needed to allow the least developed countries to pull themselves out of poverty, she stressed.

Press Conference by

**United States and European NGOS
20 March 2002**

Caucuses of non-governmental organizations (NGOs) from the United States and the European Union held a joint press conference today in Monterrey entitled 'Official Development Assistance Offers of the European Union and the United States'.

Lotta Valtonen, of the Service Centre for Development Cooperation, said that, although the Conference was broad in scope, discussions in the past few days in the European Union and the United States had focused largely on official development assistance (ODA). In the Monterrey Consensus, governments said that ODA played an essential role and was critical to achieving the Millennium Development Goals.

Also in that Consensus text, countries recognized that a substantial increase in ODA was needed to achieve the MDGs, yet no concrete commitment to increase ODA levels had been made in the document, she said. The absence of concrete commitments for achieving poverty eradication had undermined the relevance of the whole consensus. Now, the European Union announced that it would raise ODA from 0.33 per cent to 0.39 per cent in 2006, and the United States announced that it would raise its ODA by \$5 billion during three years, although that was somewhat unclear, she said.

Speaking on behalf of the European NGO caucus, Novib-Oxfam, Caroline Wildeman said that the ODA commitment made by the European Union was "face saving and inadequate" at a time when there was agreement on the Millennium Development Goals to halve extreme poverty by 2015, achieve universal primary education, and attain a two-thirds reduction in child mortality rates, among other things. Her caucus regarded the Union's decision as a "last minute" exercise to avoid coming "empty handed" to the Conference. The problem was that that undermined the United Nations process.

Time-bound targets to reach the 0.7 per cent gross domestic product (GDP) for poverty reduction should have been part of the Monterrey Consensus, she said. Monterrey was not a donor conference, but a United Nations conference. Although welcome, the extra aid money could not hide the weakness of the Monterrey Consensus. Indeed, the resources necessary to reach the Millennium Development Goals went far beyond the extra money that would eventually be available in 2006.

She said that was far too late to be able to reach the goals set by the United Nations by 2015. Indeed, if current spending trends continued, 56 million more children would have died by 2015 that would have otherwise survived had the Millennium Goals been reached, and 5 million children would still be out of school.

Aldo Clieri, from the Centre of Concern in Washington, D.C., said he was concerned about the unilateral United States proposal to raise ODA levels, and he also shared the concern about the unilateral European Union approach. If those and other countries had been committed to their goals, it should have been stated in the Monterrey Consensus, instead of coming with those announced at the last minute. In the case of the United States, he said, the proposal to raise ODA levels starting in 2004 and beyond could be terminated by a mere change in Administration or Congress. He was also concerned about the size of the proposed increase. Even with today's announcement that there would be a 50 per cent increase in ODA over the current amount, it was still a small share of GDP that still fell far short of the amount needed to achieve the Millennium Development Goals.

He said he also had concerns about the conditions attached to the money provided by the United States. Those had related to good governance, human rights and the rule of law. His concern was that the criteria were so subjective they could be used for political purposes. Regarding the global campaign against terrorism, aid could be used for geo-political military goals rather than for development goals. The remaining condition, Mr. Clieri said, were tied to countries putting in place sound economic policies – a code word calling for free market reforms or integration into the current world trading system. There was no sense yet about how some new agreements of the World Trade Organization (WTO) would affect the economies of developing countries.

Asked whether civil society had really found its place in the Monterrey Consensus, Ms. Wildeman said that civil society had an important monitoring role. If it did not hold governments accountable to the promises they made at the international level, the Monterrey Consensus could remain a 'paper' document.

June Zeitlin, Women's Environment and Development Organization, New York, shared that concern, and added that, in terms of civil society's participation at Monterrey and during the preparatory process, representatives had made their views known, but that was not exactly effective participation or insurance that their voices had been heard.

Ms. Wildeman said it was very difficult to get their voices heard because the key negotiations were being held behind closed doors. There was no official space where governments were negotiating a text, since that was already completed, and the plenary was no place to get their issues on the table. "We had no access at all," she added.

To a question about whether 11 September had influenced ODA, she agreed there was a link between poverty and terrorism, but insisted that that was not one-dimensional. Poverty did create instability and a domestic unevenness that could lead to terrorism. So, from that aspect, it could be expected that the rich countries would contribute to poverty eradication.

Invited to speak from the floor, Florence Deacon of Franciscans International, a United States-based NGO, said that there was a very clear connection. September 11th had been a wake-up call to those folks who had not had a broad world vision. Although people might say that poverty did not cause terrorism or crime, hopelessness set up a series of conditions, which bred those tendencies.

Press Briefing by

NGO Caucus
22 March 2002



Ms. Laura Frade (right), Ms. Gemma Adaba (left) and Mr. John Foster address the press on behalf of the NGO Caucus.

Gemma Adaba, of the International Confederation of Free Trade Unions (ICFTU), said NGOs were disappointed that the Consensus offered no concrete mechanisms in the critical area of resource mobilization to combat poverty or create employment. The financing for development agenda must be fleshed out and the weak parts of the Consensus strengthened. Emphasizing the need to examine the role of the International Labour Organization (ILO) in global governance, she said the agency had the same status as the IMF under the United Nations Charter, though it was less visible. The Monterrey Consensus must be fully integrated into the international financial architecture, as well as the human rights framework and social dialogue.

John Foster, of North/South Institute, said NGO participants in the round tables had expressed reservations about the limited nature of the Consensus or announced their separation from it. It was clear that the NGO position had been excluded when discussion focused on democratization of the system or systemic change, and when NGOs questioned the development model.

The NGO Caucus was not part of the Monterrey Consensus, even though its statement would be read out at the final plenary session of the International Conference on Financing for Development, Caucus representatives said this afternoon.

At a press conference sponsored by the delegation of Mexico, Laura Frade, of Women's Eyes on the Multilaterals, said the Caucus did not consider the Consensus to be a basis for combating poverty or advancing economic, social and cultural rights. She said the fact that the Consensus did not reflect a stated commitment to reform the World Bank and the International Monetary Fund (IMF) undermined its credibility. Many countries agreed with the non-governmental organization (NGO) position, but could not say so. While appreciating the inclusion of civil society in the round tables, the Caucus considered it an attempt to legitimize the Consensus. The NGOs had been repeating their demands for decades, throughout the financing for development process, at the plenary and at the round tables.

Final Briefing by

Executive Coordinator of the International
Conference on Financing for Development and
Conference Spokeswoman
22 March 2002



Executive Coordinator of the Financing for Development Coordinating Secretariat, Mr. Oscar de Rojas, along with Conference Spokeswoman Ms. Susan Markham, briefs the press on the adoption of the Monterrey Consensus.

The Monterrey Consensus was adopted by acclamation at 10:25 this morning, capping an already successful conference that had become a pivotal global event, Susan Markham, Spokeswoman for the International Conference on Financing for Development, said at today's final press briefing at noon. She said that the Conference, which had revived international interest in global economic issues and commitment to provide the means to attack poverty worldwide, had achieved an unprecedented level of international cooperation by bringing together 51 presidents and prime ministers, as well as finance and foreign ministers, business and civil society leaders.

Even before the Conference opened on Monday, an intergovernmental consensus had been reached on issues that had divided the North and South for decades, the Spokeswoman said. And the Monterrey spirit was strengthened just days before the opening by pledges to increase official development assistance (ODA) by tens of billions of dollars from the United States and the European Union.

Ms. Markham said the pledges would build confidence that commitment was genuine on the other five areas of the Monterrey Consensus – trade, debt, investment, national resource mobilization, and international systemic coordination. She said that many speakers during the Conference pointed to the link with terrorism, which could not be fought with weapons alone. Poverty and inequalities could lead to despair and provide a breeding ground for violence, crime, corruption and terrorism. There were very frank exchanges, especially at the round tables, side events, and the NGO Forum that moved the discussions forward. It was the first United Nations conference to have the active collaboration and participation of the World Bank, the International Monetary Fund (IMF) and the World Trade Organization (WTO), she said.

Mr. Oscar de Rojas, Executive Coordinator of the Financing for Development Secretariat, invited journalists to read the last chapter of the Monterrey Consensus document on international systemic coordination, which had not received much media attention. It called for more participation by the developing countries to close the gaps in the world economic governance system.

He said the document concluded with a commitment to strengthen the United Nations as the main organization to revamp the international financial system, working with the World Bank, the IMF and the WTO. The call for the United Nations to carry the process forward was very clear. The United Nations Economic and Social Council, the General Assembly and multilateralism, in general, would also be strengthened.

Responding to a journalist's question, Ms. Markham said no country had refused to sign the Consensus as it had been adopted by acclamation, and required no signature.

In response to a question on how far the Consensus committed a Head of State or Government, Mr. de Rojas said it was a political rather than a legal document such as a treaty and, therefore, did not require signature. It carried huge political and moral weight. The Consensus had been agreed by acclamation without amendment.

Asked for a reaction to President George W. Bush's statement that he would set up a team to select aid recipients, Mr. de Rojas said the United States President was entirely entitled to carry through whatever initiatives he had announced.

He told another correspondent that no revisions had been or would be made to the Monterrey Consensus document. States had committed to go beyond the Consensus. Monterrey was a point of departure, not arrival. It was a catalyst for many further actions.

Asked why the summit had adopted the Consensus this morning instead this evening as earlier announced, Mr. de Rojas said that even though the Consensus had been adopted, the report of the Conference and those of the round tables would not be adopted until tonight. The round tables were important because it was the first time they had been held in a format that included civil society.

Mr. de Rojas told another journalist that the plenary was scheduled to end at 8 p.m. Asked if the fact that not all countries were in the plenary when the Consensus document was adopted meant that some were opposed, he said that any delegation with reservations would have let the Secretariat know.

What was the implementation procedure for the Consensus and who would monitor it, another correspondent asked. Mr. de Rojas replied that the Conference had given the Secretary-General that responsibility, together with the World Bank, IMF and WTO, as well as the United Nations Conference on Trade and Development (UNCTAD), the United Nations Development Programme (UNDP), and others. The issues would be taken up at the next meeting of the Economic and Social Council in April.





The Albatross

by Charles Baudelaire
(translated by George Dillon)

Sometimes to entertain themselves, the men of the crew
Lure upon the deck an unlucky albatross, one of those vast
Birds of the sea that follow unwearied the voyage through,
Flying in slow and elegant circles above the mast.

No sooner have they disentangled him from their nets
Than this aerial colossus, shorn of his pride,
Goes hobbling pitiably across the planks and lets
His great wings hang like heavy, useless oars at his side.

How droll is the poor floundering creature, how limp and weak,
He, but a moment past so lordly, flying in state!
They tease him; One of them tries to stick a pipe in his beak;
Another mimics with laughter his odd, lurching gait.

The poet is like that wild inheritor of the cloud,
A rider of storms above the range of arrows and slings;
Exiled on earth, at bay amid the jeering crowd,
He cannot walk for his unmanageable wings.

The albatross on the back cover of this book and on the masthead of the accompanying CD-Rom has appeared somewhat mysteriously but unobtrusively in other publications related to the International Conference on Financing for Development as well as the FfD website. This graceful bird of the Andes and the southern seas has soared serenely over the hours of painstaking deliberations that resulted in the Monterrey Consensus and the historic gathering of world leaders at Monterrey, Mexico, 18-22 March 2002. It's an image that has stayed with the FfD process; it has become its mascot.

The majestic albatross was invoked at a particularly difficult time during the negotiations to urge delegates, many of them initially sceptical, to support the Financing for Development process, unafraid to be utopian in their thinking. In a moving speech at the United Nations, this great sea bird with its large wingspan, soaring majestically above mountains and oceans, was eloquently painted as a truly awe-inspiring sight. Yet, when it is confined to the ground, the delegates were told, the albatross is ungainly, clumsy and 'floundering'. It was suggested that the UN in general, and the FfD project in particular, should be seen as the albatross in Baudelaire's poem.

The proposition was made that it would go against the nature of the UN and its great ideals of human solidarity and international cooperation to discuss the issues of how to improve financing for development only with arguments of an utilitarian character, or with excessive regard to narrow national interests, and to get locked into unproductive and unnecessary procedural discussions that could prevent the realization of the Conference. In the best traditions of the

United Nations, it was emphatically declared, we should stand first and foremost for the highest values of human progress, justice and cooperation, and for promoting the essential dignity of all people.

The analogy was also made of the tale in Coleridge's *Rime of the Ancient Mariner*, of a disaster at sea related by its sole survivor. The mariner, while sailing to the Antarctic, killed an innocent but hapless albatross, the bird of good omen that follows ships sailing in the South Seas. The albatross was avenged; a devastating storm wrecked the ship, killing all the crew except this ancient mariner whose fate it was to go around the world, life-in-death, the dead albatross – and his enormous guilt – hanging around his neck.

It was suggested that failure to deal with the pressing needs of development would entail carrying the burden of that responsibility. If, on the other hand, the world could arrive at solid, broad and implementable consensus on financing for development and international economic cooperation, the highest ideals of the United Nations would rise inexorably like the magnificent albatross, 'that wild inheritor of the cloud'.

In March 2002, fifty Heads of State and Government, over two hundred Ministers of Finance, Foreign Affairs, Trade and Development, all the major stakeholders in the process including the heads of the World Bank, IMF, WTO, as well as members of civil society and business, came together under the auspices of the United Nations to adopt the Monterrey Consensus, committing themselves to build on Financing for Development and take the process forward. The albatross soared surely and triumphantly, in elegant circles, high in the blue skies above.

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