

Informal Review Session on Chapter I of the Monterrey Consensus “Mobilizing domestic financial resources for development”

(14 February 2008, UN Headquarters, Conference Room1)

Thank you Mr. CoChair

The NGO Committee on Financing for Development supports the strong statement from G77 and China, echoed by many speakers, that the chapters of the Monterrey Consensus are interrelated and need an active partnership of all stakeholders if they are to be achieved.

Country ownership of development is crucial but it will only work if supported by an enabling international environment. Many countries will need for some time to use international financial resources to support public sector spending.

If country ownership is to be achieved there is needed an effective, efficient and fair tax system. Some states have made real progress in improving their tax systems in recent years. To be able to find the needed resources for essential public services, they must put in place an equitable tax system that draws from those sectors that can most afford it.

Fiscal space in developing countries has to be widened. If pro-poor development is to be sustained, the tax base needs to be diversified through such sources as resource-use taxes and pollution abatement taxes. In particular the **tax system must be a progressive one** so that the growing income inequality can be addressed. Tax avoidance must be dealt with. As civil society we will press our governments to broaden the tax base and fairly share the tax burden. What must be avoided at all costs is competition among countries through incentives to lure investment that destroys the possibility of any effective tax base. The race to the bottom must be halted.

Kevin Dance, Representing Sisters of Mercy and Passionists International
Member of NGO Committee on Financing for Development

As alluded to in the discussion, specifically by the G77 and China, we strongly recommend that developing countries need to have **policy space to run counter-cyclical macro policies** using medium-term fiscal targets and steer away from rigid monetary and exchange rate policies that lock them into unsustainable trends.

Faith Colligan from the Elizabeth Seton Federation,
Member of the NGO Committee on Financing for Development

Effective regulatory policies should promote stability and growth as well as anti-poverty strategies. We refer to **enhanced** Poverty Reduction Strategies (PRSPs) that include civil

society participation and a strong emphasis on adequate levels of public spending for the social sectors.

A stable and inclusive financial sector needs effective prudential regulations and consumer protection. National development banks and potential microfinance are important in order to strengthen access to finances for small and medium-sized enterprises.

Thank you.

Germaine Price, Company of the Daughters of Charity of St. Vincent de Paul
Member of NGO Committee on Financing for Development