



Elements of interest to member countries of the Rio Group in the context of the consultations concerning Chapter IV of the Monterrey Consensus regarding increasing international financial and technical cooperation for development

The members of the Rio Group consider that the International Conference on Financing for Development that was held in Monterrey, Mexico, from 18 to 22 March 2002, made a significant contribution to bringing back to the international political and economic agenda issues relating to international cooperation for development, equity in international economic and financial relations and the profoundly human meaning of development.

In this regard, it is acknowledged that each country bears the primary responsibility for achieving its own economic and social development. To that end, measures have been taken in a variety of areas and at all levels in order to foster policies, develop strategies and implement plans for development aimed at mobilizing national and international financial resources for sustainable development.

It is also noted that there is an urgent need for a substantial increase in **Official Development Assistance (ODA)** and other additional resources so that developing countries, including middle-income countries, that present considerable internal asymmetries, can reach and exceed the internationally agreed development targets and goals, including the Millennium Development Goals (MDGs), in order to permit investment in basic services and infrastructure, improvement in the quality of life, strengthening of democratic governance and an increase in the quality and quantity of decent and productive jobs.

In this context the members of the Rio Group would welcome any multilateral initiative that is designed to enhance the efficiency of international assistance and cooperation, on the understanding that it does not involve the imposition of new conditions that would limit the principle of national ownership by the recipient countries.

The Group is grateful to those countries that have achieved the target of 0.7 per cent of gross national product (GNP) for official development assistance and it strongly urges those donors who have not yet done so to reaffirm their political commitment and to take concrete steps to devote 0.7 per cent of their GNP to ODA for the developing countries by 2015 and, in addition, to achieve the target of 0.5 per cent of GNP by 2010, following the example set by the aforementioned countries.

In addition, the Rio Group notes with deep concern that ODA has decreased over the past year and points out that the temporary increase that occurred in 2005 and 2006 was due, in large part, to cancellation of external debt.

The Group is concerned at the trends in ODA recently announced by the OECD Development Assistance Committee. Moreover, now that we are half-way towards the deadline set for achieving the MDGs, it is becoming increasingly clear that most of the traditional bilateral donors are nowhere near fulfilling their commitments in that regard and that they will have to make unprecedented efforts in order to achieve the agreed targets. The Group is therefore particularly grateful to the very small number of countries that have achieved a significant and real increase in ODA and have thereby demonstrated that it is possible to take real steps towards achieving commitments in this area, provided there is the necessary political will.



Furthermore, it would like to emphasize the importance of sustainability of **international public and private investment**, predictability of aid flows over time and the need to do away with conditionality of ODA, all of which factors can help avert volatility and the negative impact that this has on the economies of developing countries.

Conditionality is of the greatest importance for developing countries and is related to the ability of the various international agencies and institutions to impose political conditions on development assistance that restrict independence of action and limit the right of each country to define and implement the public policies it deems most appropriate to safeguard the rights and wellbeing of its people and the principle of “national ownership”

Accordingly, the Group believes that any resolution or decision the United Nations system adopts containing recommendations for the various agencies and international financial institutions must take into account the provisions of the relevant Relationship Agreement between the United Nations and the institution or agency concerned, so that such recommendations may be implemented within the appropriate regulatory framework, while preserving its universal, voluntary, neutral and multilateral character and its capacity to respond flexibly to the development needs of recipient countries, and that operational activities should be carried out for the benefit--and at the request--of such countries, in accordance with their own development policies and priorities.

In the context of development financing the members of the Rio Group underscore the importance of continuing to support the **middle-income countries**, including land-locked developing countries, in their efforts to fight poverty and reduce internal asymmetries; at the same time they note that the international community has been invited to consider additional, more effective criteria for assistance to middle-income countries, such as implementation of new and innovative mechanisms for providing more targeted cooperation that is more in keeping with what is required so as to avoid pressures and consolidate the progress achieved thus far.

Attention should also be drawn to the efforts made by members of the Rio Group in the context of the Second International Conference on Development Cooperation with Middle-Income Countries, which was held in October 2007. The latter resulted in the adoption of the El Salvador consensus on development cooperation for middle-income countries; which draws attention, inter alia, to the international community’s commitment to achieving internationally agreed development targets, including the MDGs.

Furthermore, it is necessary to encourage adoption of **new and innovative modalities and instruments for international cooperation and financing** for middle-income countries including, inter alia, new aid programmes that will be additional to existing flows of bilateral and multilateral cooperation so as to contribute effectively to such countries’ efforts to reduce poverty and inequalities, stimulate development in a sustainable manner and build upon the progress already achieved.

At the same time, the members of the Rio Group reaffirm the importance of **South-South cooperation** and of triangular cooperation, as additional tools for providing assistance and they note that South-South cooperation has important features that distinguish it from North-South cooperation. It is an important channel for exchanging experience about development and is a learning experience for participating countries, based on the principles of solidarity and free choice. Accordingly, such cooperation is neither an alternative to nor a replacement for traditional sources of development cooperation.



Nonetheless the Group considers that it would be worth looking into ways of working with both types of cooperation in order to strengthen the positive impact on recipient countries, particularly by means of the **triangular cooperation** plans which should be further promoted within the multilateral system and include both traditional donors and developing countries.

The Group believes that the high-level conference on the issue, which is to be held in Argentina in the first half of 2009 to mark the thirtieth anniversary of the Buenos Aires Plan of Action, will be an excellent opportunity to discuss mechanisms for strengthening and building upon South-South cooperation.

In this connection the Rio Group considers it essential for the United Nations Development Programme (UNDP) to fulfill the commitment it made to allocate 0.5 per cent of its programme resources to the Special Unit for South-South Cooperation (DP/2008/8). Likewise, the Group urges UNDP to devote increasing amounts of resources to South-South cooperation in the implementation of the corresponding country programmes.

The Rio Group reiterates the importance of continuing to strengthen the strategic role of the agencies, funds and programmes of the United Nations system as development partners in the countries of the region, and invites the Secretary-General of the United Nations to maintain an effective presence in the field, via the Chief Executives Board (CEB) and the United Nations Development Group (UNDG), so as to enable the United Nations country teams to implement the policies agreed on in the document regarding the **triennial comprehensive policy review of operational activities for development of the United Nations--TCPR 2007--**while ensuring that the emphasis on coherence and coordination does not lead to the undermining of their respective mandates and respects the characteristics and individual and special identity of each fund, programme and specialized agency.

Broad, inclusive and democratic participation by society in decision-making is a key factor in increasing institutional quality, since it makes it possible to identify demands and increases the interaction between institutions and the various social actors.

In this context, the Group stresses the importance of continuing to promote participation by all significant actors directly or indirectly involved in development financing, such as States, international financial institutions, organs of the United Nations system and other international, regional or sub-regional agencies, civil society and the private sector.

At the same time, the members of the Rio Group have developed a series of regional initiatives in order to develop, encourage and foster economic and social integration in the region by means of financial and non-financial support, technical assistance to development projects and programmes designed to reduce asymmetries and encourage a balanced, dynamic, just and harmonious economic exchange.

Accordingly, the members of the Group recognize the important role played by **multilateral and regional development banks** in attending to the development needs of developing countries, including middle-income countries. Strengthening these banks and sub-regional financial institutions would make it possible for these entities to provide flexible financial support so as to complement development at the national and regional levels, thereby facilitating identification of recipient countries with assistance programmes and increasing overall efficiency.



Members of the Rio Group acknowledge the importance of fostering an enabling environment both at the national and at the international level in order to increase the capacity of developing countries to absorb and take advantage of **private capital flows**; at the same time they note with concern that private capital flows towards developing countries have tended to concentrate on a small group of upper middle-income countries and have generally bypassed many lower middle-income countries with small economies.

At the same time, the Group considers that it will be difficult to achieve the MDGs unless the risk of **extreme natural events** is reduced and the impact of such events is lessened and mitigated, for such events have resulted in catastrophic levels of damage to the infrastructure of developing countries. Hundreds of thousands of people have lost their homes and livelihoods as a result of such events; food security has been undermined and levels of vulnerability have increased.

In a strong spirit of solidarity, the Group reaffirms its commitment to support the strengthening of financing mechanisms for activities relating to climate change, in particular in the framework of the **United Nations Framework Convention on Climate Change and the Kyoto Protocol**, and to participate more actively in the **International Strategy for Disaster Relief Support Group** in order to work together to promote the formulation of national policies to prevent and mitigate the risks of natural disasters and to improve disaster response capabilities; the latter should take into account the level of indebtedness and debt sustainability of the countries that have been struck by natural disasters.

Finally, the members of the Rio Group reaffirm their determination to implement the commitments assumed in the framework of the Monterrey Consensus, the El Salvador consensus on development cooperation for middle-income countries, the effective follow-up of the International Conference on Financing for Development and the high-level talks of the General Assembly and ECOSOC so as to ensure mobilization of national and international financial resources and effective use of such resources in order to advance the search for socially inclusive development.