



Elements of interest to the Rio Group countries in the context of the review session on Chapter VI of the Monterrey consensus: “Addressing systemic issues: enhancing the coherence and consistency of the international monetary, financial and trading systems in support of development”

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The Group reaffirms the need for progress in the establishment of a stable and inclusive international financial system ensuring that all countries, and particularly the developing countries, can achieve ownership of their own development. For this purpose, the following elements are considered relevant:

Good international governance is essential for the achievement of sustainable development. In this connection, the Group reiterates that, in order to promote a dynamic and propitious international economic environment, it is important to encourage good world economic management taking into account international financial, trading, technological and investment trends that affect the development prospects of the developing countries. It also reiterates that, for this purpose, the international community must adopt all necessary and timely measures, particularly in order to support structural and macroeconomic reform, to provide a comprehensive solution to the problem of external debt and to improve the market access of developing countries.

The Group believes that the rules governing the principal international financial institutions need to be updated. These institutions must be able to provide an appropriate response to the needs of member countries and, in view of the current imbalance between the participation of developed and developing countries, emphasis should be placed on increasing the voice and participation of the latter in the decision-making bodies dealing with international economic and financial matters.

In this connection, the Group reaffirms its commitment to expanding and enhancing the participation of the developing countries in the international process of decision-making and economic standard-setting, stressing for this purpose the need to pursue efforts to reform the international financial architecture and recognizing the need to continue consideration of the question of developing countries’ voting rights in the Bretton Woods institutions, which continues to be a matter of concern.

The Rio Group countries acknowledge the recent progress made in this area, particularly as regards quota and voice reform for developing countries in the governing structure both of the International Monetary Fund and of the World Bank. In this connection, they welcome the agreement reached at the annual meeting of the International Monetary Fund in October 2007, which emphasized the importance of agreeing as soon as possible on a credible reform package with specific deadlines concerning the quotas and voice of countries in the Fund, reiterating the need for an effective approach to the question of increasing the voice and participation of developing countries in the Bretton Woods institutions.



The Group urges these institutions to take additional effective measures and invites the World Bank and the Fund to continue to report on the progress made, using existing cooperation forums, including those composed of Member States.

In addition, the Rio Group countries consider it necessary to make progress in the establishment of effective regulations in all bodies setting the standards and codes governing important sectors of the world economy, including the Basel Committee on Banking Supervision. Appropriate arrangements should be made to enable the developing countries to participate in such standard-setting.

These regulations should give adequate consideration to the situation, conditions and opinion of the countries that will be affected by the decisions, particularly the developing countries. In addition, it is important to establish clear and transparent criteria for private sector activities that exert a strong influence on the policies and situation of the developing countries, including ratings agencies. In this connection, developing countries must have sufficient space to give effect to their development strategies and to improve their capacity to respond to the downward curves of economic cycles (anticyclical policies).

In this regard, both multilateral and bilateral partners must refrain from requiring developing countries to establish conditions that run counter to national development strategies and must adopt a broad approach reflecting the sovereign power of each country to set its own priorities, as well as the responsibility and commitment of the international community to provide support.

The role of the multilateral banks and other global and regional mechanisms must also be strengthened, in order to increase the support that they can provide to developing countries, including those in crisis. The countries of the region are interested in exchanging experience in this area with other regions that have adopted successful common strategies.

The international financial institutions must contribute to the identification and promotion of measures to correct the principal imbalances in the world economy, with adequate participation of all concerned on an equal footing. In this connection, the countries in the Group note with interest the efforts to increase the surveillance capacity of those institutions over economies with a high relative weight, including fiscal, exchange and financial sector policies.

The Group underlines the importance of promoting international financial stability and sustained growth and welcomes the efforts made along these lines by the International Monetary Fund and the Financial Stability Forum, as well as the consideration by the International Monetary and Financial Committee of ways to improve machinery for promoting international financial stability and improving crisis prevention, inter alia, through a process of impartial oversight, including at the regional level, and stricter oversight of capital markets and countries of structural and regional importance, especially in order to detect problems and risks as early as possible, including analysis of debt sustainability, promotion of suitable normative responses, possible provision of financing and other



instruments to avert or contain financial crises, and further improvements in the transparency of macroeconomic data and statistics on international capital flows.

The Rio Group countries believe that it is appropriate to analyze the formulation of joint strategies to face the challenges involved in tax cooperation. It therefore considers it important to study ways of strengthening the Committee of Experts on International Cooperation in Tax Matters.

In this connection, the Group believes that it is highly advisable to seek strategies to discourage excessive accumulation of foreign exchange by developing countries, which are withdrawing large monetary flows from circulation and thus not enjoying their potential benefit as a stimulus to growth.

En el mismo sentido, se considera necesario promover la elaboración de estrategias orientadas a la reducción de la volatilidad de los mercados cambiarios, así como al incremento de la transparencia de las operaciones en los mismos. Asimismo, se sugiere que la promoción del criterio de transparencia también debe aplicarse al marco regulatorio y a las intervenciones que llevan a cabo las autoridades monetarias en ese ámbito.

In the view of the Group, it is essential for support to continue to be given within the framework of the international trading system to the negotiating capacity of the developing countries and for multilateral negotiating mechanisms to allow effective participation by developing countries.

Institutional follow-up mechanism

The Group acknowledges that the follow-up mechanism for the agreements reached in the Monterrey Consensus has not produced the desired results and therefore believes that it must be strengthened in order to ensure integrated, regular and multisectoral follow-up of all national, international and systemic elements related to financing for development.

The Group recognizes the need to analyze all options and alternatives for strengthening the institutional follow-up mechanism. This mechanism must be effective, inclusive and transparent and ensure a multisectoral approach, in view of the need to follow up the Monterrey Consensus and any agreements to be reached at the Doha Conference.