

Revised Draft Outcome Document*

23 October 2008

Introduction and Mobilizing domestic financial resources for development

Draft outcome document of the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus, submitted by the President of the General Assembly in accordance with General Assembly resolution 62/187: Doha outcome document on reviewing the implementation of the Monterrey Consensus

Introduction

Reaffirming the goals and commitments of the Monterrey Consensus

1. We the heads of State and Government, gathered in Doha, Qatar, from 29 November to 2 December 2008, almost seven years after the landmark International Conference on Financing for Development,¹ held in Monterrey, Mexico, reiterate our resolve to take concrete action to implement the Monterrey Consensus and address the challenges of financing for development in the spirit of global partnership and solidarity. We once again commit ourselves to eradicate poverty, achieve sustained economic growth and promote sustainable development in developing countries as we advance to a fully inclusive and equitable global economic system.

2. We reaffirm the Monterrey Consensus² in its entirety and in its integrity and recognize that mobilizing financial resources for development and the effective use of all those resources are central to the global partnership for sustainable development including in support of the achievement of the internationally agreed development goals, including the Millennium Development Goals. We reaffirm the importance of freedom, peace and security, respect for all human rights, including the right to development, the rule of law, gender equality and an overall commitment to just and democratic societies for development, as spelled out in the Monterrey Consensus.

*** On the basis of information provided by delegations up to October 23, 2008.**

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

² *Ibid.*, chap. I, resolution 1, annex.

3. We recognize that the international context has changed in profound ways since we met in Monterrey. There has been progress in some areas, but inequality has widened. We welcome the substantial increase in public and private flows since 2002, which has contributed to higher economic growth in most developing countries and a reduction in global poverty rates. Yet we express our deep concern that the international community is now challenged by the severe impact on developing countries of multiple interrelated and mutually exacerbating crises, such as increased food insecurity, volatile energy prices, climate change and a global financial crisis, as well as the stalled multilateral trade negotiations and a loss of confidence in some international institutions and the international economic system. We are determined to take immediate and decisive actions and initiatives to overcome all these obstacles and challenges and devise important measures for full, effective and timely implementation of the Monterrey Consensus.

Mobilizing domestic financial resources for development

4. Each country has primary responsibility for its own economic and social development, and the role of national policies, domestic resources and development strategies cannot be overemphasized. In the years following the Monterrey Conference, developing countries have made significant progress in the implementation of development policies in key areas of their economic frameworks, contributing to increased mobilization of domestic resources and higher levels of economic growth in some cases. We will continue to build upon this progress through promoting inclusive and equitable growth, eradicating poverty and advancing toward the goal of sustainable development in all its three dimensions, and by ensuring the necessary enabling environment for mobilizing public and private resources and expanding productive investments. Greater efforts are required to support the creation and sustenance of such an environment through appropriate national and international actions.

5. We reaffirm the importance of national ownership and leadership of development strategies. We recognize that good governance in all its dimensions, inter alia, democracy, human rights, rule of law, transparency, inclusiveness and economic governance, is essential for effectively mobilizing domestic financial resources. In doing so, we should take into account the different characteristics and specificities of each country. It is also a prerequisite to achieve gender balance and broad private sector development and to enhance the quality of investments. We acknowledge that domestic economies are now interwoven with the global economic system. We will thus further enhance our efforts to overcome obstacles to strengthen good governance at the international level.

5bis. A strong and socially responsible private sector is an important instrument for generating economic growth and reducing poverty. We will endeavour to strengthen private sector development, including through an open investment climate that promotes entrepreneurship and facilitates establishing and doing business. The international community, national governments, and regional economic groups should continue to support these efforts.

6. The main objective of economic growth remains human development. To this end, human resources are the most precious and valuable asset that countries possess.

The realization of decent work for all, by investing in human capital through well designed and adequately funded health and education policies, coupled with better social protection, and active and inclusive labour market policies, is essential. Access to services in the fields of finance and credit is also crucial. Such policies have begun to show results, but increased efforts supported by the international community are needed. We stress the importance of fostering diverse local and supporting industries which create productive employment and strengthen communities.

6bis. To advance towards the goals of the Monterrey Consensus, development strategies should aim at reducing inequalities within and among countries. In order to promote capacity building and social protection for the poor, countries must allocate the appropriate level of investment in order to provide universal access to basic economic and social infrastructure and inclusive social services. Measures aimed at integrating the poor into productive activities, investing in the development of their labour skills and allowing their insertion into the labour market are also necessary. Additionally, policies that link economic and social considerations are required to guarantee that the poor benefit from economic growth and development.

7. To take advantage of the benefits of globalization, while minimizing its costs, opening the economy should also be accompanied by sufficient policy space and domestic measures that enhance resilience, in particular in the macroeconomic and financial areas, as well as promote opportunities for decent work, taking into account international commitments. We will seek to strengthen counter-cyclical policies to provide greater economic and financial stability. Macroeconomic policies, particularly monetary policies, should aim for low and stable inflation targets, while seeking to support employment policies.

8. Fiscal reform is key to enhancing macroeconomic policies and mobilizing domestic public resources. We will continue to further improve budgetary processes and enhance transparency of public finance management. We will strengthen efforts to secure tax revenues through equitable, fair and efficient tax collection and modernization of tax legislation, including through broadening the tax base and strongly combating tax evasion. To support national efforts in these areas, it will be important to: enhance international cooperation in tax matters, including in the areas of the elimination of double taxation; broaden participation in the development of international tax norms and rules; and strengthen technical assistance. We will consider strengthening the United Nations Committee of Experts on International Cooperation in Tax Matters by upgrading it to a United Nations intergovernmental body.

8bis. The development of a sound and wide-ranging financial sector is central to the mobilization of domestic financial resources and should be an important component of national development strategies. We will strive for diversified, well regulated, inclusive financial systems that promote savings and channel them to sound projects and initiatives, including in particular in the private sector. We will aim to increase the domestic supply of long-term capital and promote the development of domestic capital markets, including through multilateral, regional, sub-regional and national development banks.

9. To achieve equitable development and foster a vibrant economy, it is vital to have a financial infrastructure that provides access through a variety of sustainable, market-oriented products and services to micro, small, and medium-sized

businesses, targeting women, rural areas, and the poor. We will strive to ensure social security systems that protect the vulnerable. By empowering individuals and communities, we will make sure that the benefits of growth reach all people, especially the poor. We recognize that microcredit programmes have proven to be effective in generating productive self-employment which can contribute to the achievement of the internationally agreed development goals, including the MDGs. Despite some progress, large additional demand remains at the global level. We underline the need to appropriately support, in a coordinated manner, the efforts of developing countries, including in capacity-building for their microcredit institutions.

9bis. Gender equality is also critical to achieve equitable development and foster a vibrant economy. We will endeavour to address and to eliminate gender-based discrimination in labour and financial markets as well as, inter alia, in the ownership of assets and property rights. We will consider legislative and administrative measures to give women full and equal access to economic resources. Analysis should be carried out, and disseminated, in areas such as macro- and micro-economic policies, including labour policies and budgeting to enhance gender equality.

10. (transferred to para 8)

11. Capital flight can be a major hindrance to the mobilization of domestic resources for development. We will strengthen national and multilateral efforts to address the various factors that contribute to it, inter alia, through increased international cooperation to establish more transparency. It is vital to address the problem of illicit financial flows. Additional measures should be sought to prevent the transfer abroad of stolen assets and to assist in their recovery, as well as to prevent capital flows that have criminal intent, such as the financing of terrorism.

12. Corruption affects both developed and developing countries, and both the public and private sectors. The ongoing fight against corruption at all levels is a priority. Progress among countries has varied since 2002. We are thus determined to take urgent and decisive steps to combat corruption in all of its manifestations in order to reduce obstacles to effective resource mobilization and allocation, and avoid the diversion of resources away from activities that are vital for poverty eradication, economic growth and sustainable development. This requires strong institutions at all levels including, in particular, the strengthening of the legal and judicial systems and enhanced transparency and reporting standards. We welcome the increased commitment of Member States that have already ratified or acceded to the United Nations Convention against Corruption,³ and, in this regard, urge all Member States that have not yet done so to ratify or accede to the Convention. We call upon all States parties to fully implement the Convention without delay.

13. While the pursuit of economic resilience is important for all countries, it requires constant and more concerted efforts in Africa and small and vulnerable economies. These national efforts need to be reinforced by international support for capacity-building, including through financial and demand-driven technical assistance, and United Nations operational activities for development. In development cooperation policies we will pay special attention to the efforts and

³ United Nations, *Treaty Series*, vol. 2347, No. 42146.

specific needs of Africa, the least developed countries, landlocked developing countries and small island developing States. Similarly, special attention is needed to support post-conflict countries in their rebuilding efforts to prevent them from relapsing into conflict.