

**Ministerial Round Table 1**  
**Regional dimensions of the implementations of the results**  
**of the International Conference on**  
**Financing for Development**  
**(Wednesday, 29 October 2003)**

**Summary by the co-chairs**

**Mr. Enrique V. Iglesias-President, Inter-American Development Bank**  
**Mr. Blas Ople-Secretary of Foreign Affairs, Philippines**

Deepening Regional Cooperation

A number of speakers, underscored the role of regional cooperation in support of the Monterrey Consensus. Regional cooperation and inter-governmental partnerships, particularly in Asia and Africa, are increasingly used as an adjunct to the implementation of international resolutions and commitments and as a way of localizing the Monterrey principles. To this end, the New Partnership for African Development, NEPAD, has made impressive strides, in a relatively short period, in forging partnerships across the continent that promotes both good governance and socio-economic objectives. Other sub-regional institutions on the continent, such as ECOWAS, in West Africa, and ECA, in East Africa, have achieved commendable progress on a number of fronts, including tariff harmonization, currency convertibility and a cross-border investment code. The business sector, and civil society, is increasingly integrated into these initiatives especially with regard to corporate responsibility and the rights of the vulnerable groups, including women, children and HIV/AIDS victims. In the case of Latin America, speakers referred to the rich tradition of countries in interregional cooperation and the new initiative by ECLAC to explore the importance of regional public goods. Deepening regional cooperation is closely linked to shared values and principles and the progressive transformation of more narrow economic concerns to broader social and political goals.

In the case of Asia and the Pacific, speakers dwelt on various initiatives forging strategic economic partnerships between ASEAN and China, ASEAN and Japan, and ASEAN and South Korea. Also mentioned was the Asian Cooperation Dialogue, led by Thailand, and its initiatives to create an Asian Bond Market.

Effectiveness of regional cooperation can be moved further when there is a broad agreement regarding the key objectives of development. Shared values lead to adoption of mutually acceptable legal norms which eventually facilitate wider political and economic cooperation. Active dialogue with civil society organizations can facilitate achievement of a shared vision.

The need to strengthen coherence and consistency of policies to achieve sustainable growth on a regional level was emphasized. Issues of governance, partnerships and trade promotion need to be approached in a coherent way to ensure better harmonization of regional efforts and more efficient allocation of resources. Some speakers referred to the importance of “peer reviews” process in relation to appraising governance practices at the local level as an effective tool to promote principles of good governance and facilitate diffusion of best practices. In this regard, multilateral monitoring envisioned within regional groups such as NEPAD could be an important instrument of evaluation of economic policy of its members.

Peace remains a keystone and essential foundation for sustainable development of developing countries. Active involvement of the civil society in peace-building efforts, including

broad-based popular participation in conflict prevention, is a pre-requisite for any successful outcome in this area.

#### Mobilizing domestic financial resources for development

More than a year after Monterrey, the pledges made at the Conference have yet to be realized. In some regions, development finance is dwindling, developing country debt service levels remain unsustainable and trade barriers impede the free flow of goods and services between developing and developed countries.

#### ODA

The developing countries and Civil Society, bemoaning the slow pace of the rise in ODA levels, reiterated their urgent need for development assistance. A wide spectrum of needs for ODA was mentioned, including, strengthening of regional cooperation, financing elections, and to improve the social sectors. They warned that insufficient ODA levels would make achievement of the MDGs a very difficult proposition.

The donor countries emphasized their efforts to improve ODA levels. The EU, which has a 53% share of total DAC ODA, said that it has achieved about a third of the pledge to raise ODA levels in a single year. Others reassured the Conference that they were making good on their promise to also increase ODA levels.

The challenge before the international community, voiced by donors and recipients alike, is to raise ODA levels, while making them more effective.

#### External debt

Debt burdens continue to be onerous for many developing countries. Debt service levels consume a major portion of national budgets and limit the ability of countries to allocate resources to the social sector. Several developing countries have been disappointed over HIPC's inability to extricate poor country debtors from unsustainable debt situations.

Some developed countries, however, praised the HIPC Initiative for alleviating poor country debt, when complemented by sound national economic policies. They say that the HIPC Initiative provided a new architecture for providing assistance to heavily indebted poor countries. Speakers also called for efforts to be made to deal with middle-income country debt problems.

#### Trade

Several developing countries, bemoaned the adverse effects of trade liberalization, one of globalization's supposed advantages. The current trade structure, they complained, has led to impoverishment of many developing countries. The "fallacy of free trade competition", which claimed two sets of rules (exempt status for the so-called dominant countries and a set of rules for the developing countries to follow) was bitterly denounced.

The developed countries said that they are expending efforts to improve the structure of the multilateral trading system. Some have provided technical assistance to enable developing countries to engage constructively in WTO negotiations.

#### Complementarities between the MDGs and Monterrey

A number of speakers recognized the extensive complementarities that exist between the Millennium Declaration, and the Millennium Development Goals, and the Monterrey Consensus. The sum total of both initiatives is a reaffirmation of the UN Charter and especially its call for peace and development. In this connection, a clear link exists, in the emphasis placed in both documents, on poverty reduction, good governance, and the importance that these initiatives must be primarily nationally led and owned. According to some delegations, the importance of domestic resource mobilization cannot be underestimated. Hence, regional initiatives and regional banking institutions must support an enabling environment where by regional and

national resource mobilization can be enhanced. Several speakers noted that the desk-work for Monterrey process and the MDGs has been done with substantial progress on strategy, policy implications and reviews. Increasingly, the two, that is Monterrey and MDGs, are being tested by implementation, and by the international community's commitment to share its responsibilities both at the national and international level.

#### Asymmetries in Globalization

The issue of unequal gains from globalization was underscored by many speakers. The timing and scope of liberalization efforts should be country-specific to bring desired positive results. Equity considerations should remain on the agenda of the post- Monterrey process.

Several delegations though acknowledging the power and contribution of the forces of globalization were of the opinion that the fruits were not justly shared and that additional inequalities were exacerbated in the process. Developed countries were repeatedly disregarding their own exhortations of free trade by both overt and covert protection –especially on agricultural commodities. The small landlocked and island developing countries were particularly neglected and often did not benefit from the globalizing forces of this century.

#### New proposals

ESCAP has launched the Asian Bond Concept, in an effort to put to good use a fraction of the substantial foreign exchange reserves of the countries in the region. Bonds are issued to finance infrastructure development. Other types of bond issues are being discussed to tap domestic savings to finance small and medium-sized businesses. Debt swaps, where proceeds will be channeled to financing activities in the social sector, were also encouraged.