

Ministerial Round Table 5:

The link between the progress in the implementation of the agreements and commitments reached at the International Conference on Financing for Development and the achievement of internationally agreed development goals, including those contained in the United Nations Millennium Declaration

Summary by the co-chairmen

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Introduction

The round table generated a rich exchange on what developing and developed countries as well as multilateral organizations have done and what remains to be done in the follow-up to the Monterrey Conference and the implementation of the Millennium Development Goals (MDGs) and the goals of other international conferences. In this context, the discussion included the importance of monitoring the implementation progress at the national and global level, especially in the attainment of MDG 8. Participants recognized that monitoring is essential to ensure that commitments are meaningful and to track progress of implementation. They welcomed the work of the United Nations and the World Bank in developing a global monitoring framework for the MDGs, building on the country-level MDG monitoring work of the United Nations. One participant suggested a similar global monitoring framework for implementation of the Monterrey Consensus.

Participants noted that while progress has been made in implementation of the Monterrey Consensus and in attainment of the MDGs, it has been uneven across countries and in different goals. Many underscored the large gap between the needed and available financing for the MDGs and noted that there is a great urgency to implement coherent national and international policies to mobilize additional financing. They also emphasized the importance of further work on innovative mechanisms in generating new resources, including international bonds, an international finance facility and new private-public partnerships. In this regard, some participants noted that the critical element needed to implement the requisite policies to mobilize the necessary financing for development is political will.

Summary of discussions

Many developing country delegates reported on the important advances achieved in their countries in meeting their commitments under the Monterrey Consensus, especially in improving governance, fighting corruption and implementing domestic economic reforms. They fully realized the importance of continued efforts in this direction. It was pointed out that more equal distribution through, *inter alia*, reform of the tax system would go a long way in combating poverty in some middle income countries. NEPAD is

a case in point of a regionally owned programme of reform that is integral to working toward attainment of the MDGs and implementation of the Monterrey Consensus. Nine out of 18 good performance countries, identified recently by the World Bank as capable of absorbing more foreign aid, were African. However, some delegates complained that such national efforts were frustrated by the inadequate support from the international community due to the weakening world economic environment, competing demands on financial resources and a lack of political will in developed countries.

Many donor country delegates reported on the progress made by their countries in increasing aid to developing countries, including the European Union's (EU) mobilization of one third of the commitments till 2006 within the one year since the Monterrey Conference. However, the current level of overall commitments on additional ODA flows, at about \$16 billion by 2006, falls short of the estimated annual \$50 billion required for achieving the MDGs. It was stressed that the reason for this shortage of funds was not lack of resources but the relatively low priority that was given to development compared with other issues. Also critically noted was the slow progress in aid effectiveness, harmonization and coordination since the Rome agreement. However, the EU representative pointed out that the absorptive capacity of developing countries was an impediment to the disbursement of its available aid. Countries in Central Europe that are becoming new EU members offered to renew their development assistance and share their recent and ongoing transition experience.

The burden of unsustainable debt as a major factor hampering progress towards achieving MDGs was raised by many delegates, who argued for debt cancellation. Even many non-HIPC countries were spending on debt servicing unacceptably high shares of their government revenues that could be used for developmental purposes. Some delegates pointed out that the HIPC initiative was working too slowly and failed to offer adequate relief for debt sustainability.

Delegates regretted the failure of the trade negotiations in Cancun and emphasized the urgent need of restoring momentum of the Doha round. An improved access of developing countries' exports to developed countries' markets, especially in agricultural products, was a most effective contributing factor in reducing poverty in these countries. The astronomical agricultural subsidies given by industrial countries to their farming industry dwarfed aid flows and negated the benefits of the most important comparative advantage of the developing world. Trade ministers were also reminded of their country's human rights obligations, including economic, social and cultural rights, and the importance of policy coherence in this area.

Some delegates also drew attention to the issue of freer international mobility of factors of production to facilitate economic development worldwide, including imaginative new ways to facilitate technology transfer and economically beneficial movement of capital and labour. Given the growing importance of remittances as a source of finance for many developing countries, appropriately designed and adequately managed labour mobility programs could be launched to assist developing countries.

Many participants emphasized the importance of South-South cooperation. An initiative of a group of three developing countries – Brazil, India and South Africa – to mobilize resources to fight against poverty and hunger was cited as an example. Other participants agreed that new ideas for South-South cooperation should be explored.

Many participants also stressed the key role of the private sector as a source of investment, technology and skills transfer and economic growth necessary for poverty reduction in developing countries and some called for exploration of how this can be fostered. They also recognized that new private-public partnerships are important as private resources are not always available where they are needed. It is necessary to recognize that profit is the underlying motive for private investment. If political risks in private investments in developing countries can be mitigated, more private financing may become available.

Specific Proposals Raised

- Initiatives to generate dialogue on promoting and fostering political will. Need to engender public support to work effectively at the country level on the MDG's.
- The United Nations needs to be reformed in the Economic and Social area to discharge its mandate. The dialogue between ECOSOC, the Bretton Woods institutions and WTO needs to be strengthened.
- The United Nations to prepare a separate report for the next ECOSOC meeting that will offer an outline on policy coherence on the national and international level.
- Work on a review of the progress of the MDG's and the implementation of the Monterrey Consensus to be prepared by 2005. This should be integrated into the comprehensive review of implementation of United Nations conferences.
- Special measures have to be considered to deal with the debt situation of non-HIPC countries, including initiatives outside the Paris Club.
- Integrate women's issues and rights into the other MDG's (apart from MDG 3). Female empowerment and women's issues have to be central in the MDG implementation process.