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on the  
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Statement by

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**“Implementing the Monterrey Consensus”**  
**Statement for the International Monetary and Financial Committee and**  
**The Development Committee, Washington, D.C. 12-13 April 2003**

**Financing for Development Office**  
**Department of Economic and Social Affairs**  
**United Nations**

A little over a year ago in Monterrey, Mexico, world leaders put “Financing for Development” at the top of the international economic cooperation agenda. The focus was put on the policies and resources needed for more rapid economic growth and sustainable development in developing countries and countries with economies in transition, and achieving the Millennium Development Goals. The Monterrey Consensus adopted at the Conference embodied an explicit commitment to a number of principles, policy guidelines and concrete actions by governments in the South and the North and by international institutions to attain these objectives. The national efforts in developing countries and countries with economies in transition, and the supportive stances of developed countries, as well as the role of the Bretton Woods institutions and the World Trade Organization, were seen as critical in these endeavours. Hence, the Consensus outlined the commitments for all relevant players.

One very important factor that the Consensus recognized as necessary to support policy efforts and institutional strengthening in developing countries and economies in transition is a vigorous and financially stable world economy. Yet, after dismal world economic growth in 2001, the recovery in 2002-2003 has been weak. Forecasts for this year continue to be revised downwards as compared to early in the year. Moreover, financial instability is still a risk. Continuation of a feeble growth of international trade could worsen even further the export prospects of a number of developing countries, for many of which access to compensating finance is not assured. In sum, it is not a promising world economic scenario.

The above points to the enormous policy challenges for the international community. If economic growth in major economies were spurred in a way that provided substantial stimulus to international trade, it would be a major benefit to developing and transition economies, especially those that have adopted an outward-oriented development strategy.

While the Monterrey Consensus saw good macroeconomic management in all countries to be crucial for financial stability and economic growth, it also addressed structural issues at the domestic and international levels. Increasing and more predictable access to markets as envisaged in Doha is indispensable according to the Consensus. Yet, we are concerned that the Doha agenda has stalled in several areas, most notably in agriculture and essential medicines for combating health scourges.

In these Spring Meetings, the issue of voice and participation of developing countries in international economic decision-making will be addressed. This was one of the crucial issues highlighted in the Monterrey Consensus. The discussion of voice and participation in the present Spring Meetings should mark the beginning of a deep process of reflection and reform.

Finally, another central tenet of the Monterrey Consensus is strengthening the coherence of the international monetary, financial and trading systems in support of development. Efforts in this direction will be the main subject of the ECOSOC/IMF/World Bank/WTO meeting on 14 April 2003 at the United Nations in New York. The Secretariat in New York, in cooperation with staff of the other major institutional stakeholders, prepared a note to help shape that discussion, posing a number of questions for consideration of participants. That note follows.

**Economic and Social Council  
Special high-level meeting with the Bretton Woods  
institutions and the World Trade Organization**

14 April 2003

**Increased coherence, coordination and cooperation for the  
implementation of the Monterrey Consensus of the International  
Conference on Financing for Development at all levels one year after  
the Conference**

**Note by the Secretary-General\***

*Summary*

The present note provides background information and raises a number of questions — highlighted in bold — for consideration at the 2003 special high-level meeting of the Economic and Social Council with the Bretton Woods institutions and the World Trade Organization. In view of the theme chosen for the meeting by the Council on 30 January 2003 (Decision 2003/209), the note focuses on increasing the coherence of economic policy for the implementation of the Monterrey Consensus through more effective coordination and cooperation at national, regional and global levels.

**I. Introduction**

1. The Financing for Development (FfD) process, launched by the United Nations five years ago, reached a milestone last year at the International Conference on Financing for Development (ICFD) in Monterrey, Mexico. The FfD process took up the challenge of raising the mobilization of financial

resources for development to a prominent place in the global agenda. It opened up new spaces for intergovernmental and inter-institutional dialogue on financial, trade and development issues. It sought to involve all relevant stakeholders in multiple facets of the process and create a mechanism for jointly considering the issues involved in an interrelated manner

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\* The present note has benefited from discussion with staff of the United Nations System at large, including the major institutional stakeholders in the Financing for Development process. Responsibility for the contents of the note, however, rests solely with the United Nations Secretariat.

2. The ICFD itself, with its adoption of the Monterrey Consensus at summit level,<sup>1</sup> demonstrated that a new partnership based on consensus building and a holistic approach to the issues under consideration was achievable. The outcome of the Conference did not meet all the aspirations of the participants. But the strategy of patient confidence building and a commitment to strive for consensus produced a milestone outcome. It is now incumbent on all stakeholders in the process to see it implemented fully and promptly. The present meeting, by bringing together participants from the major specialized intergovernmental forums on international monetary, financial, trade and development policies, provides a unique opportunity to forge greater convergence among the efforts underway in the respective forums and institutions to support and accelerate implementation of that Consensus.

3. The United Nations has sought to organize the post-Monterrey process so as to best facilitate productive dialogue among the relevant stakeholders. In this regard, the General Assembly decided (resolution 57/250) that the Biennial High-level Dialogue, to be held at ministerial level, is to be the intergovernmental focal point for the general follow-up to the Monterrey Conference. The present meeting may therefore also be seen as a bridge to the first High-level Dialogue on Financing for Development which is to be held at the end of October 2003.

## ***II. The necessity of “staying engaged”***

4. The Council is meeting at a moment in which a particularly difficult international environment presents an additional imperative for implementation of the Monterrey Consensus. The world's attention at the time of writing is consumed by the heightened concern about armed conflicts and their uncertain aftermath. In addition, the world

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<sup>1</sup> See *Report of the International Conference on Financing for Development, Monterrey Mexico, 18-22 March 2002 (A/CONF.198/11)*, Chap. I, Resolution 1, Annex.

economy is recovering weakly from its 2001 slowdown.<sup>2</sup> The International Labour Organization estimates that unemployment has risen significantly around the world,<sup>3</sup> which has negative repercussions on poverty levels. In many parts of the globe, both households and entrepreneurs are concerned about their future and hesitate to make long-term decisions.

5. World trade is growing slowly and short-term prospects remain unsatisfying, especially for most developing countries. Analysts perceive difficulties in reaching agreement in the World Trade Organization (WTO); negotiators missed 2002 deadlines and it is difficult to discern the direction in which global trade policy might evolve. At the same time, the South continues to transfer financial resources to the North, as private capital flows have fallen sharply and overall net interest and profit payments by developing countries exceed their net capital inflows. There is little expectation that private flows to developing countries, especially lending flows, will return to significantly larger, yet sustainable levels. There is also considerable uncertainty about how the international community intends to handle debt crises of developing countries and countries with economies in transition, while many low-income countries have still to benefit from the special international programme for ameliorating their debt situation. The aversion to risk on the part of investors and creditors in most developing countries is high.

6. This global conjuncture calls for a redoubling of efforts for a swift and comprehensive — as opposed to a halting or selective — implementation of the Monterrey Consensus, as well as special measures to reduce uncertainty and spur global growth. The present meeting can give an impulse to such efforts and thereby contribute to rebuilding confidence in the global economy.

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<sup>2</sup> See Department of Economic and Social Affairs and United Nations Conference on Trade and Development, *World Economic Situation and Prospects, 2003* (United Nations publication, Sales No. E.03.II.C.2).

<sup>3</sup> See International Labour Organization, *Global Employment Trends* (Geneva: ILO, January 2003).

### **III. Enhancing coherence in the implementation of the Monterrey Consensus**

7. The unity of purpose embodied in the development objectives and policy guidelines in the Monterrey Consensus sets the framework for coherence — that is, consistent and sustainable outcomes — based on mutually supportive policies and actions by all actors and institutions. However, coherence is not automatic. The Consensus points to several areas in which coherence will not be achieved unless

- national and international authorities have a shared vision of development at country and regional levels;
- national efforts are complemented by international efforts;
- increased international financial flows are accompanied by enhanced and more predictable market access for exports;
- enhanced market access for exports is accompanied by the development of domestic production capacities;
- increased private flows (such as results from capital-account liberalization) are accompanied by measures that make the flows more stable than in the past;
- the volume and effectiveness of official development assistance are enhanced simultaneously;
- the design of national and international policies (as on debt restructuring) take full account of possible long-term as well as short-term consequences ; and
- improved and more democratic governance at the national level is complemented by strengthened and more democratic governance at the global level.

8. The discussion that follows seeks to highlight policies in the Monterrey Consensus that especially

bear on such coherence issues. It also poses questions that involve matters of coordination and cooperation, and thus coherent implementation of the Monterrey Consensus.

#### **A. Domestic policies**

9. In all countries, domestic policies should support sustained economic and employment growth and sustainable development, while advancing universally agreed social values, such as enhanced social protection, a just income distribution, eradication of poverty and gender equality. They should aim to create a robust “enabling environment” for investment, including such factors as rule of law, an impartial judiciary, clear property rights, and reliable systems of business information. Strengthened governance — greater transparency and accountability — and striving for strong democratic and participatory decision-making, taking account of the voices of all the people, are also essential. As the number of serious recent failures in corporate governance and abuse of auditing and accounting standards in developed countries underline, all countries, even the richest, require careful vigilance and official oversight in these areas in the public interest. In the service of broad imperatives such as these, all countries need to meet the challenge of reconciling myriad interests of actors at different levels of government, in public institutions, the business sector and civil society.

10. The Consensus emphasizes that developing countries and countries with economies in transition, where development is a primary imperative, should also focus on the coordinated mobilization of resources on all fronts, involving the public and private sectors, harnessing the potential of entrepreneurship throughout the economy to accelerate economic growth. In this context, the aforementioned universal components of an “enabling environment” are essential institutional policy foci. In addition, an enabling environment for development generally requires that physical infrastructure, including information and communication technologies, be strengthened and supported by human resource development, along with an increasingly effective public administration and financial management.

11. Management of macroeconomic policy in a

volatile and uncertain global economy is a special challenge, which can be made even more difficult if governments perforce follow “pro-cyclical” rather than “counter-cyclical” policies. This makes it incumbent on them to design their fiscal and monetary policies with a medium-run horizon, so as to enable counter-cyclical policies when they are needed. Developing country governments should equally be concerned about the quality of economic growth, e.g., that it be appropriately employment expanding for poor people in particular and create opportunities for small and medium-sized enterprises.

12. In addition, liberalization policies, as in the areas of external trade and finance, need to be set within the country’s overall development perspective. In the case of capital-account liberalization, in particular, regulatory preconditions and policies to discourage financial volatility need to be in place beforehand. In other words, countries need to formulate national strategies that enunciate their development objectives and then adopt domestic policies in a sequence that is coherent with the strategies. Individual policies may differ among countries, even in pursuit of the same goals. Governments should also regularly evaluate their policies and modify those found to be less effective.

13. In particular, public policies should accelerate investments that advance attainment of the development goals contained in the Millennium Declaration,<sup>4</sup> as in health and basic education and empowering women, such as by strengthening their access to financial resources. The Consensus underlined the centrality of nationally owned poverty reduction strategies to achieving progress towards the Millennium Development Goals (MDGs). At least 50 low-income countries have already introduced a Poverty Reduction Strategy Paper (PRSP) process, which, in addition to its emphasis on national ownership, should also serve as a vehicle for formulating the policies to reach the MDGs. It is considered necessary, however, that where PRSPs exist, they be placed in a wider context in which all social objectives would be

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<sup>4</sup> Adopted at the United Nations Millennium Summit, New York, 8 September 2000 (General Assembly resolution 55/2).

adequately taken into account.<sup>5</sup>

14. Many developed countries, for their part, need to address the coherence of their development cooperation policies with their national macroeconomic, sectoral, trade and financial policies. Agricultural policies of developed countries are a case in point at the sectoral level, creating artificially low prices and unfair competition in international markets for developing country agricultural exports that would enjoy better commercial success if there were a “level playing field” that allowed comparative advantage to guide the pattern of trade.

15. In addition, the macroeconomic policies of major developed countries have a global as well as domestic impact. There is a special imperative that they be compatible with each other and coherent over time, so as to be sustainable. In particular, the large net capital inflows to the United States have financed a rising trade and current-account deficit, which has served as an “engine of growth” for much of the rest of the world economy in recent years. But the resulting large net external debt will eventually weaken that stimulus, as the balance of trade ultimately turns to surplus. A more balanced growth of global demand should be an objective of policy makers in the major economies.

#### *Questions*

**16. Designing national economic policies so as to foster medium-term and longer term development objectives is a long sought and often elusive goal of all governments. The international community is committed to supporting capacity-building efforts in developing countries to help them forge such coherent policy-making. In addition, national experiences in different countries may be shared regarding ways to strengthen coherent packages of effective policies in advancing development goals. Various international mechanisms can also help. In this regard, how can such efforts as PRSPs in low-income countries or national strategies in middle-income countries be more effective in increasing overall domestic policy coherence? How may the Common Country Assessments, the MDG Country reports, together with PRSPs and other existing**

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<sup>5</sup> Commission on Social Development, resolution 41/1, para.20.

**reports, be used to promote deeper understanding of policy needs by the general public in developing countries? How can Article IV Consultations by the International Monetary Fund be more effective in strengthening the coherence of macroeconomic, trade and financial policies of developed countries with global development goals? What opportunities are embodied in the Trade Policy Reviews of the WTO for enhancing coherence of member policies with domestic and global development objectives?**

## **B. International Action**

17. The Monterrey Consensus embodies a partnership between developed and developing countries. One part of the partnership is the commitment of governments to follow sound and appropriate national policies as discussed above. Another part involves joint international action in a number of areas including those highlighted below.

### **International trade and investment**

18. A dynamic world trade environment is critical for the long-term development of all national economies. For many developing countries and countries with economies in transition, export revenues are the largest source of external financial resources and they are the means for ensuring debt sustainability, underscoring the importance of coherence between international development objectives and international trade agreements.

19. In acknowledgement of the nexus between trade and sustained growth and development, the Doha Declaration places a “development agenda” in the centre of its programme.<sup>6</sup> Of particular concern is the reduction of trade barriers and trade-distorting subsidies and other measures. Another focus is on how developing countries and countries with economies in transition can fully participate in trade negotiations, have their concerns reflected in the resultant agreements, and benefit from the opportunities that emerge for increased market access for their exports.

20. National development strategies need to address

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<sup>6</sup> WTO, “Ministerial declaration and work programme,” Doha, Qatar, 20 November 2001 (WT/MIN(01)/DEC/1).

raising the capacity to respond to export opportunities that arise from trade liberalization as well as to expand and diversify production of tradable and non-tradable goods and services more generally. One instrument in support of this is private international capital flows, particularly foreign direct investment (FDI). While the primary encouragement of FDI is the policy environment discussed above, the Monterrey Consensus identified a number of cooperative policies that can help foster FDI and other flows, including public/private initiatives in the provision of information and furthering government dialogues with investors. Nevertheless prospects for FDI are less strong than in the past and some financial market activities, such as investment and lending to infrastructures projects, seem to require additional policy support to help mitigate perceived excessive risk.

21. At the same time, commodity exporters, especially in low-income countries, face disproportionately great difficulties. On the one hand, they face a long-term declining trend in the relative price of most commodities, as well as a declining share of the value of the final goods produced from them. On the other hand, they face substantial uncertainty about their export revenues, owing to the volatility of international commodity prices. Addressing the first set of difficulties requires greater diversification and processing investment. However, needs are clearly beyond the capacities of individual countries; e.g., marked oversupply in some commodities calls for withdrawal and diversification of capacity beyond what the exporting countries themselves can afford.<sup>7</sup>

22. Regarding volatility per se, farmers in most developing countries lack the ability of their counterparts in higher income countries to insure against short-term commodity price risk through financial market instruments. National entities for contingent financing can be established in developing countries with the support of the international community. An International Task Force on Commodity Risk Management, convened

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<sup>7</sup> See “Report of the Secretary-General of the United Nations Conference on Trade and Development on world commodity trends and prospects,” (A/57/381, Annex), para. 42.

by the World Bank in 1999, has begun work to extend commodity facilities to small-scale farmers, although this is at an early stage. In addition, volatility is also a macro-economic issue and requires foreign exchange reserves to a scale that few commodity exporting countries can afford. The International Monetary Fund (IMF) established the Compensatory Financing Facility (CFF) to help countries handle temporary earnings shortfalls from trade, but it has not been used much in recent years.<sup>8</sup> Vulnerability to volatility is still a characteristic of poverty.

### *Questions*

**23. Expectations were raised in the developing countries when WTO members characterized the negotiations that were being launched in 2001 as the “Doha Development Agenda”. How can we ensure that the upcoming WTO Ministerial Meeting in Cancún, Mexico moves this agenda forward? How can market access for developing countries and countries with economies in transition be meaningfully improved in sectors and areas of priority interest to them? How can it be ensured that the Doha work programme maintains coherence with the development goals of the Millennium Declaration, the Monterrey Consensus and the World Summit on Sustainable Development? How can greater predictability be inserted into the trade policies of partner countries so that promising investments to expand exports are not soured by new trade barriers? How can the perception of heightened investment risk in developing countries be attenuated? How can cooperation be intensified with low-income countries specialized in commodity exports with poor medium-term trade prospects? Is it time to reconsider “low-conditionality” international mechanisms, as were used in the 1970s (e.g. CFF, Stabex), to ameliorate the temporary financial distress of commodity exporting countries during downturns, taking account of the low debt-servicing capacity of poor countries?**

### **Financial cooperation and debt**

24. Official development assistance (ODA) and

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<sup>8</sup> However, supplementary assistance may be requested from the Poverty Reduction and Growth Facility for countries already having adjustment programmes under this concessional facility.

multilateral development financing remain key parts of official financial cooperation for addressing poverty through development. An important concern, especially in recent years, of ODA donor and recipient countries and multilateral institutions is that their assistance be as productive as possible. One difficulty from the donor/creditor side is that each bilateral agency and multilateral institution may have its own perspective on what constitutes an effective programme. Furthermore, being also concerned that their funds be used responsibly for the intended purposes, all have evolved elaborate administrative rules, regulations, reporting and auditing procedures to track their funds and activities. Recipient governments, sometimes with limited capacity to assess donor offers and formulate appropriate development programmes, have found themselves facing burdensome and sometimes inconsistent administrative demands from donors and official creditors. Moreover, governments face sometimes conflicting policy priorities and strategies from the donor community. Development partners need to ensure that their assistance programmes are coherent with national programmes as well as international development goals.

25. The strategy of the international community to strengthen the policy coherence of international assistance and reduce its “transaction cost” is to foster more effective cooperation among donors and with recipients. This underlies all the effort for policy coherence in consultative groups, round tables and development frameworks at country level. In addition, the PRSP can play a critical role in bringing together national policies and international support for countries’ efforts to progress toward the MDGs. Most donors have agreed in principle to align their support with PRSPs and IMF continues to improve the content and the process of its concessional lending through the Poverty Reduction and Growth Facility so as to enable it to provide better support for the implementation of the PRSP.

26. In addition, donors have sought to streamline and harmonize aid procedures and requirements over the past two years. In this regard, major aid providers and users recently concluded a high-level forum in Rome that aimed at better harmonizing ODA procedures and reducing red tape, building on the commitments in the Monterrey Consensus (in

particular, in para. 43).<sup>9</sup> The experiences reviewed in the forum highlighted that some countries have acquired capacity to evaluate their development assistance needs, while many have not yet reached this level of expertise. In addition to taking stock of the “good practice” work of the DAC and the multilateral development banks and the work in progress of the United Nations Development Group, forum participants committed themselves to enhance harmonization in a number of specific ways and set out a voluntary work programme to better harmonize development assistance at country level. After roughly half a century of development cooperation and many attempts to streamline the administrative burden of ODA, this initiative can be an important breakthrough.

27. Aid effectiveness is also being addressed at regional level. For example, the Economic Commission for Africa (ECA) has sought to develop with the Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development (OECD) an institutional framework for mutual accountability between Africa and its external partners including joint Africa/OECD reviews of the impact of partner country policies on Africa’s development prospects and donor coherence.

28. It is widely appreciated that even the most effective and efficient delivery of the current volume of ODA will leave the world far, far away from meeting the goals of the Millennium Declaration. It may be recalled that the estimate of the High-level Panel on Financing for Development was that ODA on the order of two times the current level, or roughly an additional \$50 billion a year, was required to meet the Millennium Development Goals, and that a further increase on the order of \$50 billion a year would be needed to bring the donor community to the United Nations aid target of 0.7 per cent of gross national product.<sup>10</sup> At the

Monterrey Conference and afterwards, a number of countries pledged to significantly increase their ODA.<sup>11</sup> The challenge is to translate these commitments into actual outlays as quickly as possible. While welcomed, however, these commitments fall far short of the sums needed. It is imperative to do better and in the process strengthen the multilateral component of ODA, as by strengthening United Nations operational activities for development, which have unique capabilities in a number of specialized fields.

29. The Monterrey Consensus stresses that the speedy, effective and full implementation of the Initiative to lighten the external debt burden of the Heavily Indebted Poor Countries (HIPCs) is critical if it is to provide an opportunity to strengthen the economic prospects and poverty reduction efforts of beneficiary countries. It is thus a concern that as of mid-March 2003, only seven HIPCs have reached their “completion point” out of 26 that had reached the intermediate benchmark, the “decision point”. Moreover, some of the seven countries may have experienced worsening debt indicators, owing to lower world commodity prices and export receipts than had been assumed. While “topping up” of debt relief at the completion point is possible if commodity prices have fallen since the projected need for relief was calculated — as was arranged recently, for Burkina Faso — the length, complexity and repeated need to enhance the HIPC process remains a concern.

30. IMF and the World Bank, which together lead the HIPC Initiative, reported that the delay in bringing more countries to their completion point can be attributed mainly to the difficulty that some HIPCs have had in preparing PRSPs, which are prerequisites for receipt of irrevocable debt relief at the completion point under the HIPC Initiative, and the complications that a number of countries have faced in implementing fiscal targets.<sup>12</sup> In part, this

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<sup>9</sup> See “Rome Declaration on Harmonization,” 25 February 2003 (available at [http://siteresources.worldbank.org/NEWS/Resources/Harm-RomeDeclaration2\\_25.pdf](http://siteresources.worldbank.org/NEWS/Resources/Harm-RomeDeclaration2_25.pdf)).

<sup>10</sup> See “Report of the High-level Panel on Financing for Development” (A/55/1000), pp. 20-21.

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<sup>11</sup> See “Follow-up efforts to the International Conference in Financing for Development,” Report of the Secretary General (A/57/319-E/2002/85), paras 4-14.

<sup>12</sup> International Monetary Fund and International Development Association, “Heavily Indebted Poor Countries (HIPC) Initiative: status of implementation,” 23 September 2002.

delay reflects the weak international economy of the past few years or, in some cases, domestic insecurity. However, it also raises questions about whether expectations were raised too high about the benefits that would be derived in the near term from the policy reforms that the international community has sought from HIPCs. What has become clear is that long-term debt sustainability in these countries not only requires some reduction in their debt stocks under the HIPC Initiative, but also domestic policies in support of more rapid and broad-based growth and a supportive international economic environment. Perhaps, as well, the concept of debt sustainability has not been robust enough in light of the performance of the international economy and requires further consideration.

#### *Questions*

**31. Regarding ODA, donors have increasingly accepted the need to reverse the decline in flows, reflecting a renewed confidence that ODA can be an effective use of public monies and that the development imperative warrants additional donor expenditure, in particular through multilateral channels. However, recent ODA commitments have hardly begun to appear in net ODA disbursements. Meanwhile, the international community is having difficulty raising the resources to fully fund the current framework of the HIPC Initiative. How should the international community bring about higher ODA levels and effectively ensure not only that the HIPC Initiative is fully funded but that there is sufficient grant funding for these poorest countries to assist them in reaching the MDGs, while still maintaining debt sustainability? Is there room for more expansion of multilateral lending, as in a counter-cyclical context? Are donors making enough progress to harmonize procedures to reduce the excessive transaction cost of aid? Is some sharp break with past policy, such as the proposed International Finance Facility, required to raise ODA to levels needed to reach the MDGs? Could renewed allocations of SDRs by IMF be undertaken in ways that boost developing country reserves or public expenditures without threatening an upsurge in global inflation? Could stronger international cooperation on tax matters help raise development revenues, as by reducing tax evasion? Does the international community also need to contemplate a new policy departure for treating the excessive debt burden of HIPCs, or for developing countries in general, for that matter?**

### **C. Systemic issues**

32. The Monterrey Consensus recognized the urgent need to enhance coherence, governance, and consistency of the international monetary, financial and trading systems. In the year since the Conference, the Monterrey Consensus has helped to focus discussion in international forums. While there is need to continue strengthening partnership and coherence, there has been some progress on which to build.

33. This applies, first of all, to monitoring the efforts of the various parties with responsibility for implementing policies and taking actions outlined in the Consensus. In this context, at the request of the Development Committee, IMF and the World Bank have proposed a template to serve as a basis for regular monitoring of policies and actions needed to achieve the MDGs, including policies and actions of developing and developed countries and of international institutions. Future efforts will complement those of the United Nations in leading the monitoring of MDG targets and indicators and progress toward achieving them, complemented by a major programme of research and advocacy.

34. In addition, heightened consciousness of the need to build bridges among institutions, as called for in the Consensus, may be seen in the greater interaction of the World Bank, IMF and WTO in areas of overlapping concern, including increased attention to trade policy issues by the Bank and IMF, as was welcomed by the Development Committee in its Communiqué of 28 September 2002 (para. 4), and the decision to strengthen IMF support to WTO in its areas of expertise, as well as additional World Bank technical assistance efforts to developing countries and policy analyses in areas relevant to trade policy negotiations. At the same time, WTO and the United Nations Conference on Trade and Development (UNCTAD) cooperate in a number of areas. Also, the United Nations Development Programme (UNDP), together with the UNCTAD/WTO International Trade Centre and the aforementioned institutions, cooperate in the Integrated Framework for Trade-Related Technical Assistance to Least Developed Countries. In addition, however, there is a concern that other developing countries need stronger support in order to prepare adequately for the negotiations underway

in WTO and other trade forums.

35. The Consensus highlighted the need for effective and equitable participation of developing countries and countries with economies in transition in decision making and norm-setting in international economic institutions and forums. Proper representation is needed to ensure that discussions and decisions taken there are fully cognizant of the perspective of these countries. In a first response to this concern, the Development Committee in its 28 September 2002 Communiqué, called upon IMF and the World Bank to prepare a background document that would facilitate consideration of these issues (para 10). The Committee is scheduled to discuss the issue of “Enhancing the voice and participation of developing and transition countries” at its meeting on 13 April 2003.

36. Economic and financial cooperation among regional groups of countries can effectively complement activities at the global level. Regional groups offer opportunities for macroeconomic consultation and coordination, monitoring financial vulnerabilities and administering schemes for mutual assistance. Regional initiatives may also play an important role in representing the interests of developing countries in international institutions and forums.

37. Recent initiatives in Africa are a case in point. The New Partnership for Africa’s Development (NEPAD), a programme of the African Union, has not only served as a forum for consensus building among African countries, but it has also developed the unique African Peer Review Mechanism aimed at national implementation of agreed political, economic and corporate governance values, codes and standards. NEPAD has also served as an African interlocutor to the 2002 Summit of the Group of 8, which then adopted the “G8 Africa Action Plan.”<sup>13</sup> In a complementary spirit, the countries and organizations making up the Strategic Partnership with Africa, meeting at the Economic Commission for Africa (ECA) in Addis Ababa on 16-17 January 2003, converted it from a donors’ club into a partnership by adding African States and NEPAD as full participants, and pledged intensified and more

effective assistance to African development. In addition, ECA organized the third “Big Table” on 18-19 January 2003, an informal consultation between African finance ministers and development cooperation ministers from developed countries, who addressed questions of improving aid effectiveness in the context of mutual accountability.<sup>14</sup>

38. The Monterrey Consensus also began to ask how the international community might more effectively develop international policy proposals when they overlap the concerns of different institutions and forums. It did this through a case in point, expressing interest in the consideration by all relevant stakeholders of an international debt workout mechanism, in the appropriate forums. In the event, IMF staff have been developing such a proposal, the Sovereign Debt Restructuring Mechanism, and they have engaged in a strong degree of consultation with the private financial sector and civil society organizations, as well as with their own Executive Board, in developing the proposal. The proposal itself will be discussed at the 12 April meeting of the International Monetary and Financial Committee of IMF.

39. Finally, the Monterrey Consensus sought to strengthen the role that the United Nations itself could play in promoting international cooperation for development. The mission and the daily practice of the United Nations is to facilitate international dialogue, create confidence among disparate parties, and find ways to build momentum toward consensus on international policy matters, including economic ones. It was the vision of the FfD process that the United Nations could be utilized more effectively than it had been in this regard. Governments have thus sought to create a new, more effective “coherence forum” at the United Nations for dialogue on economic and financial cooperation for development and it is the commitment of the Secretary-General, through his ongoing reform agenda, to make the Organization a more effective mechanism for the use of the international community.

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<sup>13</sup> Adopted by the G8 Summit, Kananaskis, 27 June 2002.

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<sup>14</sup> For further information, see the web page of the Economic Commission for Africa ([www.uneca.org](http://www.uneca.org)).

*Questions*

40. **Governance of the international economic system since the 1970s has been through a mixture of limited-membership and global (or almost global) forums and institutions. In recent years, there has been a proliferation of ad hoc, limited-membership bodies, several of which were mentioned in the Monterrey Consensus, and additional ones may be created. What should be the relationship between the ad hoc forums and the global institutions, which neither created nor oversee them? How are the commitments to strengthen the participation of developing countries and countries with economies in transition in governance of the global economic system being realized in the major international institutions? Does the experience of the present meeting suggest how it might help key intergovernmental bodies in the economic, financial and trade areas to strengthen through dialogue their coherence with the development goals of the international community? Would informal preparatory meetings with participants drawn from relevant stakeholders on specific topics that might be identified help to prepare the discussion a year hence? More generally, in what ways might the FfD process be further developed so as to reach the aspirations of the Monterrey Consensus? What implications does the present exercise have or should it have for the broader purpose of reforming and revitalizing the United Nations in the economic and social areas?**