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diverted to short-term policies or to policies designed to cope with a more uncertain global economic outlook.

7. The difficult interface with the international environment is illustrated in table 1, which shows the net transfer of financial resources for groups of countries. When the net transfer is negative, it means net financial outflows, i.e., countries are exporting more goods and services than they are importing, and are transferring the excess abroad in financial payments of one form or another (debt servicing, profit remittances, foreign reserve accumulation, such as by purchasing key currency government securities, capital outflows or withdrawal of foreign investors). It also means that gross domestic investment is less than total savings in the economy since the transferred resources are not domestically available. As table 1 shows, the net

have been positive developments in some areas, it is unclear when the flow of tourists will fully recover. In sum, the landscape is significantly different from the one generally envisaged at the adoption of the Monterrey Consensus, which largely explains why the policies in many countries have been geared to reducing vulnerability. But in spite of the difficult international environment, policy reform has yielded some payoffs in terms of macroeconomic stability and economic growth in some countries and has reduced vulnerability in many, which demonstrates that such policy reforms are important and warrant continued and additional support from the international community.

10. The commitments contained in the Monterrey Consensus regarding national efforts to enhance resource mobilization cover four major areas: strengthening governance and participation; implementing sound macroeconomic policies; enhancing infrastructure, social services and social protection; and developing and strengthening the domestic financial system. A joint national and international effort to enhance capacity-building in order to strengthen institutions, improve policy formulation and increase the effectiveness of policies and measures in those four areas is also a key commitment of the Monterrey Consensus.

Strengthening governance and enhancing democratic and participatory decision-making

11. A considerable number of developing and transition economies in all regions have intensified efforts in strengthening governance through the development of participatory decision-making processes that are inclusive of civil society and the private sector as well as local communities. Many have introduced decentralized governance as part of their efforts to broaden participation and involvement in policy formulation and control. They have also worked towards reforming the public

Pan African Conference of Ministers organized under NEPAD has adopted a governance and public administration programme for 2003-2005, targeting the strengthening of governance, public administration and leadership capacities as measures for centralizing development.

14. At the global level, the Ad Hoc Committee on the Negotiation of a United Nations Convention against Corruption has been developing a broad and comprehensive international legal instrument that seeks to criminalize corrupt acts in all stages and sectors and that will monitor its implementation at the national level. The negotiations are to be completed by the end of 2003 with a view to adopting the instrument in December. The draft convention attempts to define key terms, such as "corruption" and "public official", covers both the public and the private sectors and addresses(the)7.9is (e pu)7.4(b)7.(t)0.5(s)1ub7.4(d)7.l9i(4(b)/(7n)1.4( )i.7(ts)]Ts.4(th)le

administration and supervision to increase accountability and eliminate corruption in order to improve tax compliance and reduce tax evasion. Progress in those reforms has varied among countries; political resistance, weak governance and limited administrative capacity have hindered successful implementation in a number of cases.

19. In countries that are highly dependent on rich natural resource endowments,

23. **During periods of economic stability, particularly in periods of rapid growth, countries should make a special effort to undertake reforms that reduce vulnerability to volatility in financial and commodity markets and to episodes of slow growth or recession. Such reforms should enhance public debt sustainability and allow more leeway for counter-cyclical policies. Especially**

32. In health, education and other social services, effective access to information is the first step in securing delivery: information is a key factor that engages and empowers the people to obtain services. Feedback from the people is an important instrument to improve or reform the organization and delivery of services so that they respond to actual needs and are delivered in a more cost-effective manner.

33. **Developing countries and countries with economies in transition should develop multiple channels to support the financing of education, health and infrastructure, including both public and private sources, local and community efforts, civic organizations, bilateral donors and multilateral institutions. Governments should undertake additional efforts to widen the tax base and to improve tax collection in order to ensure adequate revenue levels for public expenditures. They should enhance tax collection and curtail tax evasion through more effective tax administration, and should reduce tax avoidance through appropriate laws and procedures. On the expenditure side, Governments should work towards establishing a well-developed public**

especially the poor. Thus, even in situations when macroeconomic adjustment is required and economic stabilization and employment growth are conflicting goals, attention should be paid to the impact of fiscal and monetary policies on employment. Adjustment support from the international financial institutions to developing countries and countries with economies in transition should seek to minimize the adverse effects on employment of men and women. Similarly, broad economic reforms and structural adjustment programmes should consider as a priority the maximization of employment opportunities for men and women in the medium and long terms. Additional efforts to enhance training schemes in the public and private sectors or in partnership betweeb6u2(ne)-11.3(ppo),

52. **Developing and transition economies should increase their efforts to deepen the financial system, which entails further strengthening the prudential regulation and supervision of their banking systems and an orderly development of their financial sector through appropriately sequenced measures to build the necessary institutional arrangements of capital markets, insurance and pension sectors. Special attention should be paid to risks that can arise from foreign currency operations in domestic financial markets. The financial sector also requires institutions, including development banks, to facilitate access to medium- and long-term finance, debt and equity financing for small and medium-sized enterprises, and services for small-scale savers. In addition, efforts in the development of domestic bond markets should continue, with an emphasis on lengthening maturities and avoiding a high volume of foreign-currency-linked instruments. Greater donor support is crucial to improve financial sector soundness in developing and transition economies. Financial sector assessment programmes should be followed up by adequate levels of technical assistance, bolstered by effective dialogue at the expert level on financial sector development among donors and developing and transition economies**.

53. In recent years, workers' remittances have become the third largest source of foreign exchange for developing countries as a whole, after export earnings and foreign direct investment (FDI) and well ahead of official aid. The high transaction cost of remittances, often exceeding 20 per cent of the amount sent, is a concern

decisive in helping with the initial set-up and current costs, training and capacity-building. At the country level, public/private partnerships, enhanced participation of civil society organizations and business should also contribute to develop such services. Governments should formulate appropriate regulations that facilitate the operation and sustainability of those financial services.

III. Mobilizing international resources for development: foreign direct investment and other private flows

56. Private international capital flows, in the context of international and domestic financial stability, provide a vital complement to national efforts to mobilize financing for development. However, such capital movements to developing countries — the net flow of which comprise the inflows and outflows of foreign direct investment, portfolio investment and international commercial bank lending — have declined markedly from 1997 to 2001, with only a small increase in 2002, attesting to the need for the full implementation of the Monterrey Consensus (see table 2).

Table 2
Net private financial flows to developing economies and economies in transition, 1995-2002
(Billions of United States dollars)

	1995	*1996*	*1997*	*1998*	*1999*	*2000*	*2001*	*2002*
Developing economies								
Total, of which:	157.0	208.1	96.6	38.9	66.2	18.2	17.9	51.8
Net direct investment	82.0	97.2	120.5	128.0	133.0	125.6	145.3	110.0
Net portfolio investment	34.2	81.5	41.6	-3.7	39.0	9.7	-41.7	-40.0
Other net investment[a]	40.8	29.3	-65.5	-85.3	-105.8	-117.2	-85.8	-18.2
Economies in transition								
Total, of which:	51.4	20.2	-20.9	14.5	29.8	32.9	20.9	34.1
Net direct investment	13.0	12.3	15.5	20.8	23.8	23.4	25.2	29.2
Net portfolio investment	14.6	13.1	6.9	5.4	2.4	2.4	3.2	3.4
Other net investment[a]	23.8	-5.1	-43.3	-11.8	3.6	7.1	-7.4	1.5

Source: *World Economic and Social Survey 2003* (United Nations publication, Sales No. E.03.II.C.1).
[a] Including short-term and long-term commercial bank lending.

Foreign direct investment policies

58. Foreign direct investment in the developing world is largely concentrated in less than a dozen countries, which means that the majority of developing economies, particularly the least developed countries, do not share adequately in the benefits of FDI flows. The Monterrey Consensus thus highlights the importance of efforts to, inter alia, achieve a transparent, stable and predictable investment climate in order for countries to attract and enhance inflows of productive capital. It also stresses the need for appropriate regulatory frameworks to help provide an enabling environment for investment, whether foreign or domestic.

59. Appropriate policies will depend on a country's characteristics; in particular, the least developed countries and small island developing States face the constraint of low income and small market size and require stronger measures, while weak or

for strengthened technical assistance and capacity-building programmes on, inter alia, regulatory frameworks for investment programmes, effective investment promotion institutions and sector promotion strategies. The Monterrey Consensus also notes the usefulness of public/private partnerships to facilitate investment, such as the partnership of the United Nations Conference on Trade and Development (UNCTAD) with the International Chamber of Commerce in the Investment Advisory Council, which provides an informal and flexible framework within which senior business executives and senior government officials responsible for investment matters can interact on questions related to FDI. In addition, in some countries the World Bank and IMF have helped to organize national-level investment advisory councils.

64. Some countries that have been successful in increasing their FDI inflows have found that development benefits have not materialized as expected. When

currently being pursued and regular briefings on their progress are being provided to delegations in New York.

68. Business participants and Governments participating in the Monterrey Conference made a number of proposals to promote the financing of investments in developing countries and countries with economies in transition that are currently being pursued with the support and encouragement of donor Governments and multilateral organizations. The investments should serve the sustainable development of those countries, including bringing water, electricity, education and health services to the population, in particular the poor. Business and government leaders should continue to discuss how such FDI opportunities can be best identified, financing secured and suitable projects implemented. Furthermore, they should discuss how the international business community can contribute to increase investment flows into the countries that are in most need of them, in particular in Africa.

69. For example, an initiative has been proposed to set up a series of regional funds specifically designed as venture capital. In a similar vein, to address the greater than anticipated risks associated with private international infrastructure investment that were identified in the 1990s, an expert study group on developing country infrastructure finance (which originated in a proposal made during the Monterrey Conference) is being set up with representatives from both business and official sectors. Internet technology will be employed to facilitate regular discussions by the experts in this group. Indeed, the same technology can also be used to more effectively carry out other consultations, such as consultations between Governments and investors, throughout the world. For example, the global information clearing house which was also proposed by business participants at the Monterrey Conference is being extended to include limited-access government-investor networks over the Internet to facilitate such communication.

Sector and Development, will promote consultations with private-sector foundations and businesses in order to consider creative ways to include important social concerns in relevant cooperation and investment programmes.

72. The Monterrey Consensus stresses the importance of promoting measures in home and host countries to improve transparency and information about financial flows. In that regard, IMF has enhanced its capacity to monitor and analyse 76.

more sustainable and inclusive global economy by embedding universal principles of human rights, labour and the environment into corporate behaviour, in particular through the creation of country-level networks attuned to local circumstances and needs. As of June 2003, the Compact had been launched in more than 50 countries, mostly in the developing world, thereby creating national structures that bring together various social actors to address local needs. Other efforts to define the responsibilities of transnational corporations have intensified in recent years. Initiatives have been developed by civil society, international organizations and transnational corporations themselves. By and large, the various standards of good corporate citizenship are being embodied in voluntary instruments or codes of various types.

IV. International trade as an engine for development

78. As a result of such measures as the liberalization of trade policy globally and the application of appropriate structural adjustment policies, world trade has grown more rapidly than global output over the last decade. Developing countries have been active participants in that process and their share in world exports exceeded 30 per cent in 2001. However, a large number of developing countries, particularly the least developed and commodity-dependent countries, continue to remain marginalized in the trading system. Many developing countries’ exports remain concentrated in products with low domestic value added and technology content. Moreover, the persistence of barriers to their exports by importing countries limits their ability to realize the potential contribution of trade to development. Also, their vulnerability to volatility in external earnings from trade and from external trade-related shocks continues. The Monterrey Consensus emphasizes the role that international policy could play in ameliorating that situation.

Current negotiations in the World Trade Organization

tariffs and tariff escalation, as well as non-tariff barriers, in particular on products of export interest to developing countries. It also provided that product coverage should be comprehensive and without a priori exclusions, and that the negotiations should fully take into account the special needs and interests of developing countries, including least developed countries.

82. Tariff protection continues to disproportionately hinder developing country exports. Sixty per cent of imports subject to tariff peaks in the United States, the European Union, Japan and Canada originate from developing countries. In the case of agriculture, tariffs applied by industrial countries to developing country exports average between 25 and 30 per cent, as compared with an average of 15 per cent for other industrialized countries. The level of agricultural subsidies and domestic support in developed countries, which put the developing countries at a competitive disadvantage, exceeds $300 billion. It has been estimated that the elimination of restrictions on agricultural trade alone could lead to an income gain for developing countries of up to $400 billion by 2015.

83. In addition, only 20 per cent of products integrated into the WTO rules in the first three phases (1995-2001) of the Agreement on Textiles and Clothing were subject to quotas, leaving elimination of quotas on the remaining 80 per cent of

86. **It is essential that improving the market access of developing countries' exports of goods and services continues to be accorded high priority in implementing the Doha work programme. Full and timely completion of the implementation of the Agreement on Textiles and Clothing is critical and will send an important international signal. More meaningful market access is also warranted in sectors and modes of developing country supply of services, including the temporary movement of natural persons. Agricultural subsidies and support that impede competitive imports from developing countries are inconsistent with the spirit of the Monterrey Conference and must be reduced, including those not currently subject to WTO commitments, and export subsidies should be eliminated. All countries must exercise the utmost restraint**

capacities of developing countries; adequate flexibility with regard to inside-border issues and trade-related agreements; greater stability, security and predictability of the special and differential treatments; preferential market access; special consideration by developed countries before the application of trade defence measures against developing countries; full consideration of development dimensions in new and emerging issues; and the provision of adequate resources to developing countries to finance the implementation cost and consequent adjustment arising from multilateral trade agreements.

Policy support for the least developed countries

91. Although the participation of least developed countries in world trade remains marginal, several developed countries have recently taken policy action to improve the product coverage, depth of preferences and rules of origin of their autonomous preferential trading schemes for least developed countries, moving towards duty-free and quota-free market access, including the "Everything but arms" initiative of the European Union, the African Growth and Opportunity Act of the United States and improvement in the schemes of the generalized system of preferences by

94. **Schemes for preferential market access for least developed countries need to be consolidated and made more predictable. The developed countries should**

98. Many of the subregional and regional economic cooperation and integration agreements, as well as some interregional arrangements, have a wide range of economic, political and social objectives and multisectoral approaches, including the formation of a consolidated trade and investment space. Many South-South trading arrangements have accelerated the liberalization of trade in goods and started work on liberalizing trade in services. A few have achieved complete custom union status with the adoption of a common external tariff. For many countries, successful regional integration can serve as a platform for gradual and active integration into the global economy. Regional and subregional trading arrangements are also a component in the search for solutions to the problems facing landlocked and island developing countries through the facilitation of trade with their neighbours, as well as removing transit barriers. Thus, it is important for developing countries and countries with economies in transition to continue to explore the benefits and costs of deepening trade-integration schemes.

99. The fortieth anniversary session of the United Nations Conference on Trade and Development (UNCTAD XI), to be held in Brazil in June 2004, will provide an important opportunity to assess the efforts to follow up on the Monterrey Consensus in the areas of international trade policy and development. Coming six months before the conclusion of the Doha process, it will provide a crucial forum for assessment of its likely results, as well as of trade policy measures enacted outside WTO. It will be able to identify needed collaborative activities on issues relating to trade and their implications for financing for development and to forge greater coherence in relevant multilateral and bilateral cooperation programmes.

V. Increasing international financial and technical cooperation for development

100. The International Conference on Financing for Development was held at a critical moment in the history of international development assistance. In 2000, the political leaders of the world adopted the Millennium Declaration to scale up their development ambitions. They set a number of goals that have come to be called the Millennium Development Goals; yet official development assistance (ODA) was then at an all-time low as a ratio to donor-country income.

101. The Monterrey Consensus not only seeks to halt the downward trend in aid but

improved public expenditure management; (b) more careful operational strategizing so as to select the policy approaches best suited for a particular purpose under given circumstances; (c) enhanced country "selectivity" so as to focus aid on the poorest and most vulnerable while at the same time reinforcing actions of the best-performing countries.

103. The preparation of poverty reduction strategy papers is intended to be an important vehicle for orienting aid towards key issues and objectives in low-income countries. Although there is currently greater recognition of the importance of country specificity and diversity, more and more poverty reduction strategy papers try to focus on attaining the Millennium Development Goals, and international financial institutions and other multilateral development agencies increasingly use such papers as a decision-making tool. For example, they influence decisions relating to the Poverty Reduction and Growth Facility of IMF, the design of the World Bank's country assistance strategies, and access to resources of the International Development Association (IDA), the World Bank's concessional lending facility, as well as the operations of the Heavily Indebted Poor Countries Initiative and the formulation of United Nations common country assessments and development assistance frameworks.

104. Furthermore, the Development Assistance Committee (DAC) of OECD is exploring how poverty reduction strategy papers can help to orient bilateral development assistance programmes. In fact, most industrial countries have already

in 2002. About 500 proposals were submitted to the Commission on Sustainable Development, over half of which have been approved.

108. Regional cooperation can also raise aid effectiveness. With respect to certain objectives, it is sometimes desirable for developing countries to join forces and undertake common initiatives so as to facilitate the internalization of regional externalities or exploit economies of scale or scope. Such pooling of efforts could, for example, be the right strategy to facilitate the availability of medicines for

to further facilitate the harmonization and alignment of donor practices with country strategies, the measurement of results and quality of aid programmes, and the next steps in the untying of aid.

113. It has also been recognized that development and aid effectiveness are often jeopardized by the lack of coherence between different sets of policies pursued by donor countries: there are often inconsistencies between their aid policies and their international trade and finance policies. That is a major concern that is highlighted in the Monterrey Consensus.

119. Table 3 presents an overview of aid pledges made by donor countries; it shows that aid levels could rise by $16 billion or about 30 per cent in real terms by 2006. Increases may also occur as new EU Member States join the ranks of donor countries. Moreover, a number of developing countries also have important aid programmes. For example, Brazil, China, India, the Republic of Korea, South Africa and Tunisia are only some of two dozen developing countries that have a strong

including such concerns as global climate change, preventing financial crises, containing communicable diseases or providing security in war-ravaged countries. Although some of those resource flows are internationally monitored, it seems important to consider whether flows for other global purposes — to finance "global public goods" — should also be monitored.

124. Finally, to support development assistance as well as to be able to deploy more resources for other global exigencies, it will become increasingly important to consider additional and innovative ways of mobilizing resources and making the needed resources available in a timely and predictable fashion. In that regard, as a follow-up to paragraph 44 of the Monterrey Consensus, the World Institute for Development Economics Research of the United Nations University, at the request

reached the completion point. Moreover, some of those eight countries have experienced worsening debt indicators, owing to lower commodity prices and export receipts than had been assumed. In response, the option has been created to “top up” the assitce provided at the completion point if it i2e18.2( )-12.2(f)10.9(o)7.1(un)7.1(d)7.1( )-12.2(th)7.1(at)16.7 possibility has been used thus far in one country.

128. The delay in bringing more countries to their completion point is attributed to the problems faced by some countries in implementing parts of their macroeconomic and structural reform programmes and preparing poverty reduction strategy papers, as well as slow progress in reaching the completion point triggers. The domestic policy disappointments reflect, in part, the weak international economy of the past few year, but they also rai2e18.8(e qu)7.7(es)6.6(ti)17.3(on)7.712e6.6(ab)7.71out whether expectation were t for the growth of exports and GDP, as well as the extent of feasible policy reform, let alone the adequacy of the proposed debt relief during the course of a country’s programme.

129. Compounding those problems has been the long delay in raising resources to fully fund the HIPC Trust Fund. But even when pledges are fully paid, it is unclear whether they would be adequate to fully attain their objectives, especially since many heavily indebted poor countries’ economies remain more fragile than expected and the world economy remains sluggish. The latter implies a confirmation of disappointing trade trends and reflects the need of such countries to receive more of their capital inflows in the form of grants.

130.

The international community should strengthen its efforts to assist the heavily indebted poor countries to achieve a sustainable debt situation. All official and commercial creditors must provide the agreed relief. In a number of cases, even deeper debt relief than has been accorded is required. To finance the warranted relief in those cases, additional contributions by donors and creditors is required. For low-income countries, especially heavily indebted poor countries, and barring a strong improvement in export prospects, the maintenance of debt sustainability requires that new external resources be primarily non-debt-creating inflows, to which foreign direct investment can contribute under appropriate policy regimes, while a significant shift in official flows from loans to grants is essential.

131. The lack of mechanisms for an orderly and effective resolution of unsustainable sovereign debt situations is considered to have been one of the major

conduct, which would broadly stipulate the roles that key parties would be expected to play during times of crisis. To be successful, such a code of good conduct needs to be based on a broad consensus. All relevant stakeholders should therefore be involved in the process of drafting such a code.

133. A number of developing countries, notably Mexico in late February 2003, have begun to include collective action clauses in their newly issued bonds governed by New York law. Although Mexico was not the first to include a collective action clause in a bond under New York law, the publicity that accompanied Mexico's issue seems to have encouraged emerging market issuers to embrace that practice more

debt relief packages for the debtor country and its people. Thus, it is important that work continue both on those issues and on mechanisms that incorporate or build on the collective action clauses approach, since the two would complement each other. In addition, supplementary multilateral instruments might be conceived for use after a debt restructuring were agreed to facilitate the reinsertion of the country into private international markets. Access to such instruments might also increase the attractiveness of drawing upon the comprehensive mechanism. In sum, the consideration of international approaches to orderly debt workouts is unfinished business and further multi-stakeholder exploration of feasible options is warranted.

137. **The relevant stakeholders should continue to consider in all appropriate forums potential international modalities for sovereign debt restructuring. An open and informal expert study group on debt and its development dimensions, organized within the framework of the financing for development process, could make an important contribution in that regard. The study group could seek to develop outlines of proposals that might gain broad support for a comprehensive, coherent and fair debt workout mechanism, as an integral part of the international strategy for financial crisis prevention and resolution. Such an informal study group would provide a unique opportunity for valuable and broad-based consideration of proposals on this subject.**

VII. Addressing systemic issues: enhancing the coherence and consistency of the international monetary, financial and trading systems in support of development

Strengthening the international financial architecture to support development

138. "Multilateral surveillance" is a term that originally referred only to IMF oversight of the macroeconomic situation of member countries but is used more widely today, as in WTO oversight of national trade policies. The term can even b3(t)-7.5(e)3v(cies4(e)12.)i5.2

the capacities of national authorities in developing countries and countries with economies in transition due to the increased burden of the various surveillance exercises. It has also been argued that the steady growth of initiatives may dilute policy advice, undermining the main purpose of surveillance. With so many instruments being introduced, there may be less focus on areas that can really enhance a country's crisis prevention capacities. In some cases, it may be preferable to do less but do it better to ensure that the advice has impact.

142. The advice that accompanies multilateral surveillance of developing and transition economy countries, as well as the policy reforms that comprise the conditionality for IMF-supported adjustment programmes, should also make room for an eclecticism that reflects adequately each country's situation as well as ongoing international policy debates. In that regard, substantial efforts are being 145.

developed countries, it is imperative to find pragmatic ways to further strengthen the surveillance of the economic, financial and trade policies of those countries.

146. The international community has long accepted a responsibility to provide financial support to countries with balance-of-payments problems. The Monterrey Consensus asserts that such international programmes of support for economic recovery should be designed to minimize the negative impact on the vulnerable segments of society. Moreover, along with the programming of adequate resources in support of adjustment, the forms of assistance may need to be adjusted in a timely fashion when circumstances change. Indeed, the international community should be able better to assist low-income and middle-income countries to weather exogenous shocks, for which the forthcoming review of the IMF Compensatory Financing Facility will be relevant. Multilateral loan facilities should also be able to better support countries in capital-account crises that, to a greater degree than current-account developments, move much faster today and may generate large swings in capital flows.

147. In fact, IMF responded to the new reality in 1997, when it established the Supplemental Reserve Facility (SRF). SRF can provide larger and more front-loaded packages to countries hit by capital-account crisis. In March 2003, the IMF Executive Board decided to lengthen the maturity of drawings from SRF because experience had shown that the duration of countries’ need for balance-of-payments financing has sometimes been longer than originally expected.

148. It was recognized, however, that SRF needed to be supplemented by a capability to provide a large amount of funds very quickly, based on ex ante judgements and preconditions. The Contingent Credit Line, introduced by the Fund in 1999, was intended to fill this gap: it gives prequalified borrowers a credit line on which they can draw with a high degree of automaticity during an emergency. However, as of June 2003 no member country has availed itself of the facility. The key problem is that potential users are concerned that application for the facility, let alone drawing from it, would be viewed as a sign of weakness by the market,

developing countries in exploring a less centralized and more flexible international financial architecture.

155. **Welcoming the progress since the Monterrey Conference in enhancing regional financial cooperation, the international community should continue to provide technical assistance and advice to support further efforts to supplement global arrangements with regional ones, including those aimed at strengthening mutual surveillance and peer review and providing financial support to participating countries in times of crisis. At the same time, it is important to keep financial markets well informed about the purpose and modus operandi of those initiatives. Moreover, the international community should seek to develop appropriate modalities of interaction between global and individual regional economic cooperation frameworks.**

Improving global economic governance

156. In the Monterrey Consensus, world leaders recognize the urgent need to enhance coherence, governance and consistency of the international monetary, financial and trading systems, and to contribute to that end underline the importance of continuing to improve global economic governance and strengthen the United Nations leadership in promoting development. They add that good governance at all levels is essential for sustained economic growth, poverty eradication and sustainable development worldwide, and that in order to better reflect the growth of interdependence and enhance legitimacy economic governance needs to develop in two areas: broadening the base for decision-making on issues of development concern and filling organizational gaps.

157. Stressing the need to enhance the participation of developing countries in international economic dialogues, decision-making and norm-setting, and to find pragmatic and innovative ways to do so, the Monterrey Consensus encourages the Bretton Woods institutions to continue to enhance the participation of developing and transition economy countries in their decision-making. The IMF and World Bank Development Committee took up that matter both at its fall 2002 and spring 2003 meetings, and will continue to consider the issue further at its fall 2003 meeting.

158. A technical note by the Bank/Fund staff dealing with that subject has been prepared, at the request of the Committee; it reviews the voice and participation of developing and transition countries in decision-making at the World Bank and IMF. The note provides a valuable inventory of key issues and possible avenues for change for initial consideration by the Committee, and enumerates what could be some of the possibilities for enhancing the voting strength of developing and transition countries. The note also specifies the legal requirements that would have to be overcome to implement the indicated changes in both the Bank and the Fund.

159. Suggestions such as those included in the above-mentioned note obviously require further analysis and discussion by the appropriate bodies of the concerned institutions, as indeed the Development Committee itself has decided to do. The Economic and Social Council, at its annual meeting with the Bretton Woods institutions and WTO held on 14 April 2003, also took up the issue. It featured prominently in the day’s discussions, both in plenary sessions and in round-table meetings, and is reflected in the President’s summary of the proceedings (see

international organizations to the economic and political realities of the present world is one that came across quite strongly in the discussions. To many, it is becoming clear that there are ideas in this area that, thanks in no small part to the Monterrey Conference, are ripening for decision.

160. **The General Assembly should welcome and express its strong support for the efforts under way in the relevant bodies of the Bretton Woods institutions to consider and give utmost attention to the issue of enhancing the voice and participation of developing countries and countries with economies in transition in the work and decision-making processes of those institutions.**

161. The greater opportunities envisaged for developing countries and countries with economies in transition to participate in decision-making on the full range of international economic policy matters requires a complementary strengthening of their capacity to develop and assess proposals. That point has been recognized in technical cooperation programmes to strengthen the negotiating capacity of least developed countries in WTO, as well as in the steps taken to strengthen the Executive Director Offices of African countries in the Bretton Woods institutions. In addition, donors have supported the analytical and deliberative processes of groups of developing countries, such as the Group of 24 and the Heavily Indebted Poor Countries Finance Ministers Conference. These and other efforts to assist developing countries in becoming more active participants in the deliberations of the international community are essential and should be generously supported, while assuring that the assistance is effectively owned and managed by developing countries.

162. With regard to the subject of strengthening the effectiveness of the global economic system's support for development, the Monterrey Consensus encourages, inter alia, an improvement of the relationship between the United Nations and the World Trade Organization. That relationship has already been considerably improved, especially in connection with the Monterrey Conference, in the preparation of which the secretariats of the two organizations collaborated very actively. WTO was also present for the first time — at both the intergovernmental and secretariat levels — at the 14 April 2003 meeting of the Economic and Social Council with the Bretton Woods institutions, which was devoted to the theme "Increased coherence, coordination and cooperation for the implementation of the

Strengthening the role of the United Nations in international economic cooperation

169. The Monterrey Consensus reiterates, as world leaders had already done at the Millennium Summit, the priority attached to reinvigorating the United Nations system in order to promote international cooperation for development. The Monterrey Consensus also reaffirms the commitment to enabling the General Assembly to play effectively its central role as the chief deliberative, policy-making and representative organ of the United Nations, as well as to strengthening the

the Organization and equip it to meet effectively and holistically the new, growing challenges of the current century.

173. One other important part of the last chapter of the Monterrey Consensus was the commitment of world leaders to finalizing as soon as possible both a United Nations convention against corruption in all its aspects and to encourage States that

mechanisms. However, the experience gained within the first year and a half after the Conference indicates that even more enhanced preparations are needed to ensure the success and effectiveness of future intergovernmental deliberations.

Annual spring meeting of ECOSOC with the international financial and trade institutions

177. The Monterrey Consensus assigns a special role to the annual spring meeting of the Economic and Social Council with the Bretton Woods institutions and WTO

180. Preparations for the 2003 spring meeting involved extensive consultations

conjunction with some major business interlocutors, to launch a process of informal multi-stakeholder consultations on selected policy issues related to public/private cooperation for development. Those consultations would bring together experts from the public and private sectors as well as academia and civil society, and would comprise a series of workshops over the course of one to two years. The outcome of those deliberations, including studies and policy recommendations, would be disseminated to interested Governments, international organizations and the public at large, thus supplementing the ongoing work of major institutional stakeholders and stimulating new thinking in the area of financing for development.

185. **The successful involvement in the Monterrey Conference process of civil society and the business sector should be strengthened further. Specific modalities may include the setting up of informal study groups, comprising representatives of interested Governments, international organizations, civil society, business and academia. Inputs from non-institutional stakeholders should be reflected, as appropriate, in official United Nations documentation.**

High-level dialogue of the General Assembly on financing for development

186. Pursuant to paragraph 69 (c) of the Monterrey Consensus, the General Assembly, in its resolution 57/250, decided to reconstitute the high-level dialogue on strengthening international economic cooperation for development through partnership as the high-level dialogue on financing for development and to hold it biennially at the ministerial level so that it may become the intergovernmental focal point for the general follow-up to the Conference and related issues. The 2003 high-level dialogue, for which the present report is primarily intended, will consist of an innovative series of interactive plenary and informal meetings and round tables, with

189. The Monterrey Consensus also provides for harnessing the active support of the regional commissions and the regional development banks. Indeed, intergovernmental and expert meetings were organized by the regional commissions and regional development banks to address various issues related to the preparation for and implementation of the Monterrey Consensus. The regional economic and social surveys for 2002-2003 and special studies provided focused analyses of macroeconomic developments and policy issues related to the mobilization of financial resources for development in their respective regions. Building on those experiences, regional patterns of follow-up activities that complement significantly the policy dialogue at the global level have emerged. Those efforts should warrant strengthened support from global institutions.

190. **The regional commissions, in cooperation with regional development banks, should make more use of their regular intergovernmental meetings to address the regional and interregional aspects of the follow-up to the Monterrey Conference, based on policy analysis of region-specific issues and concerns. Such meetings should contribute to bridging possible gaps between national, regional and international dimensions of the implementation of the Monterrey Consensus. United Nations funds and programmes should play a supporting role in facilitating such regional follow-up initiatives.**

193. Finally, it should be recalled that, as stated in paragraph 71 of the Monterrey Consensus, the Secretary-General prepares, in cooperation with the relevant United Nations system agencies, an annual report on progress towards implementing the Millennium Declaration, including the Millennium Development Goals, which is intrinsically linked to the implementation of the Consensus. In addition, to raise public awareness of and support for the Goals, the United Nations has launched a global information campaign. In that regard, more than 100 statements have already been delivered at meetings of parliamentarians and non-governmental organizations. The 2003 *Human Development Report*, which focuses on the Goals, will also serve as a major point of reference for the campaign. In the same vein, there are plans to involve the goodwill ambassadors of United Nations funds and programmes in the campaign. Efforts for the implementation of the Monterrey Consensus and for the attainment of the Goals, in particular Goal 8, are and should be increasingly complementary and mutually reinforcing in many ways.