

Regional Consultation Preparatory to the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus

Chairman's Report

1. The ECLAC secretariat presented the document *Trends and challenges in international cooperation and the mobilization of resources for development in Latin America and the Caribbean* and organized thematic panels on financing and cooperation, mobilization of domestic resources, systemic issues and financing for gender policies. The document was welcomed by the delegations of the member countries present. This report summarized the issues that the Latin American and Caribbean countries consider should be included into the Secretary General's report as follows:
2. **Establish a dialogue on the role of middle-income and Latin American and Caribbean countries within the system of international cooperation.** The region's share of total official development assistance (ODA) flows must be increased. In addition, countries requested the establishment of a dialogue addressing the different modalities for the participation of middle-income countries in the system of international cooperation.
3. **Renew the commitment to reach the ODA target of 0.7% of GDP of the member countries of the Development Assistance Committee (DAC):** Concern was expressed that donor countries have not reached the Monterrey 0.7% target and that they should intensify their efforts to fulfil their commitment. Countries also expressed the need to ensure the stability and predictability of ODA flows, particularly for the region's smaller economies. A developed ECLAC member country reiterated its position that the target of 0.7% of GDP is not an official one.
4. **Jointly define the criteria for the allocation and evaluation of ODA:** The countries emphasized the importance of improving the efficiency in the allocation of ODA. To this end, it was emphasized that recipients and donors should jointly identify economic and social cooperation needs and should develop, on a joint and consensual basis, the required mechanisms to assess the impacts of ODA. These mechanisms should not involve new conditionalities for ODA.
5. **Complement traditional ODA instruments with innovative financing mechanisms:** The countries underscored the need to complement ODA flows with new financing instruments. These should not be considered as substitutes for "traditional" ODA flows, and should constitute new and additional resources. It was also emphasized that the implementation of innovative sources of financing should not represent an excessive burden for the developing countries.

6. **Remittances:** Remittances should not be considered a part of ODA flows, neither should they be viewed as innovative sources of financing. Remittances are private flows with their own particular features.
7. **Enhance regional financial cooperation:** The countries highlighted the need to further advance in regional financial integration efforts by strengthening the role of regional and subregional traditional development banks (Interamerican Development Bank, Andean Development Corporation, Central American Bank for Economic Integration, Caribbean Development Bank) and of recent initiatives such as the Bank of the South and the Bank of the Bolivarian Alternative for Latin America and the Caribbean, as well as that of institutions such as the Latin American Reserve Fund (FLAR). The Latin American and Caribbean countries also recognized the importance of developing and consolidating subregional capital markets.
8. **Pursue efforts to improve the level of representation of developing countries in multilateral agencies.** The countries noted that traditional multilateral agencies should play a greater role for coordinating international cooperation, instead of Groups (G) or the Paris or London clubs, to which developing countries do not have the same level of access as developed countries.
9. **Increase levels of domestic savings.** The countries established the need to increase the levels of domestic savings within Latin America and the Caribbean and stressed that the current levels are insufficient to generate the required resources needed for the region's economic and social development.
10. **Improving the levels of financial access in the region.** It was recognized that financial access is uneven across the region and among subregions and, within countries, by income levels. To improve financial access it is necessary to strengthen national development banks and promote the diversification of their financial instruments. It was also important to promote the development of the micro-finance sector.
11. **Address challenges related to the management and regulation of financial systems.** To this end, the countries recommended the design of public policies to facilitate risk-monitoring. They also emphasized the importance of regulatory issues. Lastly, they underscored the importance of using low-cost technologies that would be accessible for the institutions of the region.
12. **Deepen changes in international financial architecture.** The countries expressed the need for a stable and inclusive international financial system that takes into consideration the voice and vote of the region's economies. The financial system should also be more transparent with regard to regulatory matters and should provide suitable countercyclical mechanisms. These can play an important role in attenuating the fluctuations in economic activity affecting the

economies of the region. It was also necessary to adopt rules providing effective regulation for the key players in international financial markets, such as risk rating agencies and investment banks.

13. **Strengthen the international financial system and its ability to act countercyclically.** The international financial system must address the liquidity problems affecting the region. The countries also indicated the need, to conduct credible assessments of the risk associated with financial innovations; to introduce changes in the way that of risk ratings are used and to ensure greater cooperation among the relevant authorities.
14. **Increase Latin America's share in world trade:** It was necessary to conclude the Doha Round and ensure effective access to developed country markets, bearing in mind the asymmetries of size and development among the different countries in the region. One country expressed the need to eliminate unilateral application of economic and trade measures by one State against another that affect the free flow of international trade.
15. **Increase the share of Latin America and the Caribbean in aid for trade flows:** Aid for trade can improve the response capacity of the region's countries as well as deepen their integration into the multilateral trading system. Aid for trade is not a substitute for other official flows and should be considered complementary to ODA.
16. **Reduce poverty and social gaps.** In order to increase social inclusion synergies must be actively sought between economic growth and the exercise of full citizenship. International cooperation can and should support that process by helping to alleviate resources constraints by promoting economic growth, strengthening State institutions and improving social policies. Progress in this regards entails advancing in at least three areas: employment and informality, human capital formation and social protection.
17. **Strengthen financing for gender equality and the empowerment of women.** It was stressed the request from the fifty-second session of the Commission on the status of Women to member States to integrate gender perspectives in the preparations for and outcome of the Doha Conference with a view to strengthening financing for gender for gender equality and empowerment of women, including through the organization of special events.
18. **Support efforts to address climate change:** Addressing climate change is of vital importance to all countries in the region, particularly for those in the Caribbean. It was proposed that the financial and investment requirements to address climate change should be part of the Doha Development Agenda. Most countries expressed the view that strengthening the financing mechanisms for climate-change-related activities must take place within the structure established

by the United Nations Framework Convention on Climate Change (UNFCCC) and the Kyoto Protocol.

19. **Specificities of countries in the Caribbean:** It was emphasized that the countries belonging to the Caribbean subregion have their own specificities that should be taken into account when discussing issues related to Financing for Development. Due to their size these countries face important impediments to the diversification of their economies and their export base. In addition to this, their geographical location makes them particularly vulnerable to natural disasters. In this sense, they require special conditions and provisions to be able to fully reap the benefits of multilateral integration.
20. **To stress the relevance of South-South cooperation.** The countries stressed the relevance of South-South cooperation and triangular cooperation as complementary tools for development assistance delivery, while recognizing that such flows could under no circumstances serve as substitutes for traditional sources of development cooperation. Several countries were of the opinion that it was essential for the United Nations Development Programme (UNDP) to meet the target of allocating 0.5% of its resources to programmes carried out by its Special Unit for South-South Cooperation.
21. **Enhance and improve the follow-up and implementation mechanisms of the Monterrey and Doha agreements.** Countries emphasized the need for a proper, effective mechanism for the follow-up and implementation mechanisms of the Monterrey Consensus and of the agreements arising out of the Doha Round. Such mechanisms should be dynamic and interactive and should provide an avenue to engage civil society and the private sector in a broad, non-rhetorical debate with institutions within and outside the United Nations System. The follow-up process should be undertaken on a regular basis, including a broad participation by multilateral agencies and sectors.