

**REVISED DRAFT OF THE FINAL COMMUNIQUÉ OF THE CONSULTATIVE
PREPARATORY MEETING FOR THE FOLLOW-UP INTERNATIONAL
CONFERENCE ON FINANCING FOR DEVELOPMENT TO REVIEW
THE IMPLEMENTATION OF THE MONTERREY CONSENSUS
DOHA, 30 APRIL 2008**

Member countries of the Economic and Social Commission for Western Asia

Referring to the Monterrey Consensus that was issued by the International Conference on Financing for Development which was held in Monterrey, Mexico, from 18 to 22 March 2002,

Referring also to General Assembly resolution 62/187 of 19 December 2007 concerning the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus, in which the Assembly decided to hold the conference in Doha from 29 November to 2 December 2008,

Affirming the importance of following up the progress made in implementing the Monterrey Consensus in the various member countries,

Taking into consideration the intensive consultations that took place between experts and specialists at the Consultative Preparatory Meeting for the Follow-up International Conference on Financing for Development which was held in Doha on 29 and 30 April 2008,

Expressing its support for initiatives relating to innovative sources of funding for dealing with such urgent issues as climate change, the food crisis and agricultural produce,

Concerned by the turbulence that has recently hit credit and financial markets, upsets in the exchange rates and current accounts of the developed countries and the economic impact that has had on the global economic situation and on developing countries, including countries members of the Economic and Social Commission for Western Asia (ESCWA), which may be considered an indicator of deficiency in markets and regulatory and oversight mechanisms,

Affirming the need to develop and strengthen financial markets in the countries of the region, in order to assist in mobilizing domestic savings for financing for development and, in particular, increasing transparency and the availability of accurate data,

Aware that the global economy continues to suffer from a number of imbalances, including in respect of the exchange rates of the major currencies, the current accounts of the major industrialized countries, and the rising level of inflation over the past two years, that the instability of the global economic environment impacts directly on the economies of developing countries, including ESCWA member countries, and that inflation has begun to affect the purchasing power of the population, a situation which, if it continues, may lead to political turmoil in many countries, as well as impacting on the purchasing power of national currencies and, as a result, destroy the stability of the local economic environment that member countries have succeeded in building up over the years,

Noting that levels of poverty and unemployment continue to rise in some member countries, impacting negatively on their efforts to implement the Monterrey Consensus and the internationally-agreed development goals, including the Millennium Development Goals (MDGs), and that they have had to resort to using some of the financial resources that were set aside for investment in order to increase funding for poverty-related programmes,

Noting also that, notwithstanding the improved situation of the indebted countries with respect to the burden of foreign debt, debt continues to prevent some countries from investing in development, because debt servicing consumes financial resources that could have been allocated to investment projects,

Noting further that financial markets in member countries continue to suffer from the problems common to developing markets, one of the most serious of which is the influence exerted by a small number of companies over the performance of those markets, in addition to legislative, regulatory and administrative problems, which impact negatively on their ability to mobilize domestic savings. Those countries need technical assistance in enhancing the performance of their financial markets and alleviating the problems that hinder their development,

Taking into consideration that regional integration between member countries continues to be slow, with the exception of the important steps towards integration that have been taken by countries members of the Gulf Cooperation Council, including the agreements on the common market and the common currency, and that, notwithstanding the relative success of the declaration establishing the Greater Arab Free Trade Area that was issued by the League of Arab States in 1997, interregional trade remains low and cooperation in other sectors continues to be slow and in need of new stimulation if it is to make rapid improvement,

Affirming that the role of developing countries, including ESCWA member countries, continues to be marginal in respect of the global financial, monetary and trade sectors, and that while certain member countries are international investors and have helped to stabilize the global monetary system by rescuing many financial institutions, their role in managing that system remains extremely limited,

Affirming also the need for member countries to make an effective contribution to the preparations for and activities of the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus,

Have agreed as follows:

One: Mobilizing domestic financial resources for development

- Banks should be encouraged to increase their participation in economic development by increasing the value and quality of the financing made available to the private sector, undertaking the necessary improvements in performance and ensuring that sufficient capital is available;
- Financial markets should be strengthened and developed in order to enable them to play a role in attracting and investing domestic savings, thereby contributing to financing development, and the necessary changes in the legislation and systems that regulate those markets, including the introduction of new financial tools and the guaranteed compliance with Government rules of the companies involved;
- Securities markets should be so restructured as to give the private sector a larger role in owning and managing them;
- An appropriate investment climate should be created in order to repatriate Arab investment abroad back to ESCWA member countries;
- The international community should be requested to increase the scope of financial policies relating to developing countries, including ESCWA member countries, in order to enable those countries to balance domestic policies with international obligations;
- Efforts should continue to eliminate financial and administrative corruption and the squandering of domestic resources, and those member countries which have not yet done so should be called upon to promulgate legislation that combats corruption and promotes accountability, and to devise a mechanism for and establish special means of following up implementation of that legislation;
- Fiscal burdens on poor persons should be reduced, and means found of expanding the tax base, in order to increase the ability of fiscal departments to reduce waste and tax evasion, thereby increasing Government revenue; a larger proportion of that revenue should be used to improve social development indicators;

- Emphasis should be placed on the importance of education and its central role in empowering the individual, eliminating poverty at the family and community levels and achieving wider economic and social development goals, and on the basic responsibility of Governments to finance education and exert maximum endeavours to mobilize resources and make available the public and private funding necessary to develop education systems;
- National capacities in that field should be developed and international support increased;
- The close relationship between creation of an appropriate environment at the national level and of an environment at the international level that supports national efforts should be underlined.

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

- An attractive climate for investment, including foreign direct investment (FDI), should be created, and the role of FDI as an external source of financing for development should be increased, particularly in respect of the transfer of modern technology, sophisticated production and management methods, labour force training and the development of investment laws;
- Greater efforts should be made to increase member countries' share of global FDI flows: while in the past three years certain countries have significantly increased their share of such investment, other countries continue to enjoy only low levels of that important component of development;
- External resources for the development of infrastructure should be provided by expanding the scope of FDI;
- The problems of youth should be dealt with and increased attention paid to education, health, the management of natural resources and the elimination of poverty, using international funding;
- In order to support both economic development and regional integration, interregional investment should be increased by removing barriers and creating an enabling environment;
- The necessary technical assistance should be provided for small and micro projects in developing countries in general and ESCWA member countries in particular;
- Use should be made of successful regional and international experiences in all fields related to practical aspects of financing for development;
- Donors and international organizations should be urged to support the endeavours of developing countries in general and ESCWA member countries in particular to diversify the sectors towards which investment is directed;
- Infrastructure projects for a system of partnership between the public and private sectors should be increased;
- It should be stressed that investment in human beings is one of the most important elements in development.

Three: International trade as an engine for development

- It should be stressed that it is vital for ESCWA member countries that, through the Doha round, a settlement is reached with respect to trade rules that safeguard the interests of developing and least-developed countries;
- A commitment should be made to improve, by cooperating with international organizations, the quality of local products and increase their ability to compete on international markets;
- Developed countries should be requested to open their markets to the produce of developing countries and reduce barriers to trade, particularly in respect of specifications and the mutual recognition of certificates;

- Regional agreements should be activated in the countries of the ESCWA region; in particular, action should be taken to fully implement the declaration establishing the Greater Arab Free Trade Area and activate the General Agreement on Trade in Services;
- Food supplies to ESCWA member countries that are net importers of such supplies should be guaranteed and the World Trade Organization (WTO) decisions on Least-Developed and Net Food-Importing Countries which are included in the Marrakesh Agreement should be activated in respect of developing countries that are net importers of food;
- Support should be given to the removal of tariff and non-tariff restrictions on agricultural exports and to the trade initiative contained in the ministerial declaration that was issued by the sixth WTO Ministerial Session, which was held in Hong Kong, China, from 13 to 18 December 2005;
- The financing tools available in the countries of the region should be used to enhance interregional trade in ESCWA member countries.

Four: Increasing international financial and technical cooperation

- The importance should be underlined of technological transfer and encouragement for international cooperation;
- Donor member countries should be thanked for the development assistance that they provide to developing countries, including ESCWA member countries;
- Donor countries should be requested to increase official development assistance (ODA) and honour their commitments in that respect, including the allocation to developing countries of 0.7 per cent of gross national product as ODA. An increased proportion of ODA should take the form of grants or soft loans, and should not be tied to conditions that restrict the ability of beneficiaries to employ that assistance in accordance with their development priorities.

Five: External debt

- Creditors should be called upon to take the measures and initiatives necessary to alleviate the debt burden of developing countries, including ESCWA member countries, as part of the relevant international initiatives: current initiatives have not achieved the results hoped for in respect of assisting developing countries in achieving their development goals, including MDGs, and do not cover Lower Middle Income Countries;
- Use should be made of the experiences of certain developing countries in converting to financing for development projects part of the external debt owed to donor countries;
- Transparency and accountability should be increased in operations to evaluate risks and development benefits that are carried out by the organizations operating in that field;
- Developed countries should be called upon to make a commitment that resources allocated to debt relief should be additional to, rather than a part of ODA;
- The developed countries and international organizations which provide technical assistance should be called upon to assist developing countries in improving their debt management.

Six: Addressing systemic issues: enhancing the coherence and consistency of the international monetary, financial and trading systems

- The major industrialized countries should be called upon to devise comprehensive, stable economic policies that will contribute to the stabilization of international economic policy, thereby

assisting developing countries in enhancing their development efforts and providing a stable international economic environment;

- The major industrialized countries should also be called upon to strengthen the effective participation of the developing countries in managing the global economy and achieving an equitable and stable international economic system. The participation of developing countries should be increased in the international monetary, financial and trading institutions whose decisions impact on the economies of those countries;
- Developing countries, including ESCWA member countries, should be more involved in the management of the international monetary and financial systems;
- The importance should be stressed of the role of the United Nations in reforming the international monetary and financial systems.

Request the ESCWA secretariat to take the following action:

1. Support member country capacities and provide technical assistance in implementing the six basic measures that were identified by the Monterrey Consensus and, in particular, with respect to the mobilization of domestic savings, the promotion of FDI, the strengthening of international trade as an engine for development, the provision of ODA, and the enhancement of international monetary and financial cooperation.
2. Cooperation with the relevant regional and international organizations and other United Nations regional commissions in implementing the Monterrey Consensus should be strengthened in order to support the position of the developing countries and, in particular, ESCWA member countries, on the formulation of international trade rules; and coordination with the Group of 77 and China should be increased in respect of identifying positions and putting forward proposals on future dealings with the issue. Consideration should be given to the establishment of an intergovernmental committee on financing for development, and it should be proposed that a further international follow-up conference on financing for development is convened in five years time. Other proposals should be put forward in order to ensure that the issue is kept at the forefront of international concern.
3. The least-developed countries (LDCs) and the countries that suffer from conflict in the ESCWA region should be supported through the Integrated Framework for Trade-Related Technical Assistance, and guarantees should be provided in order to improve the investment climate.
4. Support should be provided for the institutional capacity-building of member countries and, in particular, in the field of FDI, double-taxation agreements, international arbitration of investment and bilateral investment agreements.
5. Member countries should be provided with technical support in the fields of FDI policy, transport and trade facilitation and cooperation at the regional level.
6. Member countries should be provided with assistance in fully implementing the Monterrey Consensus, in order to reach a unified stand on the critical issues, foremost among which are those of innovative sources of financing, increased development funding for the advancement of women, climate change, rising food prices and the instability of the international financial markets.
7. A report should be submitted to ESCWA at its twenty-sixth session on the progress that has been made in that regard.
8. The necessary steps should be taken to increase the participation of non-governmental organizations, civil society and the private sector in the review process and the Conference itself, in order to give a voice to the hopes and aspirations of the peoples of member countries.
