

## **GA concludes review sessions of the Monterrey Consensus**

### **The Road to Doha**

#### **18 June 2008**

Hearings with representatives of  
[civil society](#)

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#### **Second week of July 2008**

Release of the report of the  
Secretary-General on the latest  
developments related to the  
review process on financing for  
development (advance version)

#### **Last week of July 2008**

Presentation by the President of  
the General Assembly of the

## **Redesigning Global Economic Governance**

*By Barry Herman\**

A distinct set of global institutions governs the international economic system: the World Trade Organization, the International Monetary Fund, and the World Bank. Each has its specialty, and they are complemented by a number of even more specialized institutions with more restricted membership, such as the Bank for International

ference could set the stage to build economic and financial multilateralism in a new mold.

The world is not ready for a global conference to redesign the international system. It is not even ready for a preparatory body to lay the groundwork for such a conference. The first step is realizing that the problems in international economic governance will not be resolved with small adjustments in the major trade and financial institutions. The second step has to be an intensive period of discussion of reform proposals, until a consensus develops around one plan or another. Adopting the new structure is the last major step, and further reforms and revisions will surely follow as the system is refined.

What the Doha meeting could do is establish a new place where governments could start talking to each other about reform of the international system. One recent proposal that could facilitate such a discussion was made by Ambassador Eduardo Galvez of the foreign ministry of Chile, speaking at the General Assembly's FfD review meeting on March 11, 2008.

Galvez proposed creation of "an integrated multi-stakeholder Forum, Council, or a Committee on FfD." It

would include national government representatives who sit on the policy organs of the UN, IMF, World Bank, and WTO, plus representatives of UN agencies, members of civil society, and private sector organizations. Its objective would be to undertake an integrated review of the six themes from Monterrey—domestic resources, foreign investment, trade, aid, debt, and systemic issues. It would provide the opportunity for a holistic and serious cross-ministerial, cross-institutional, public and private sector discussion of global economic and financial concerns.

The Galvez proposal is, in essence, a call on Financing for Development stakeholders to shape his idea into a plan going forward from Doha. Nothing quite like it has ever existed. It could be the first step toward more integrated, effective, and democratic governance of the world economy.

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*\*External contributions are the responsibility of the author(s) and do*

During the session, speakers underscored the importance of reducing trade barriers and increasing market access for the full range of developing country exports, including agricultural commodities, manufactured goods and services, and not excluding technologically intensive high value-added goods. They urged all main trading partners of developing countries to honour their trade liberalization commitments and respect the judgments of established dispute settlement mechanisms. Some participants were of the view that major economies had a moral responsibility to ensure that their policies assisted the participation of developing countries in the trading system. It was noted that successful developing countries had used their policy space effectively to become competitive and integrate their economy into the global production chains.

Discussants pointed out that technical assistance was needed by many developing countries, particularly LDCs, SIDSs and LLDCs, to participate meaningfully in international trade negotiations. Duty-Free and Quota-Free (DFQF) access for LDC exports was an important tool to integrate these countries more effectively. Moreover, de-

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During the second Review Session (15 February 2008) of Chapter II, “[Mobilizing international resources for development: foreign direct investment and other private flows](#)”, participants exchanged views on the quantity and quality of international private resource flows to developing countries and discussed policies to enhance the development impact of those flows. Many speakers stressed that private flows could serve to reduce poverty and stimulate economic growth. There was widespread concern, however, that foreign direct investment remains concentrated in a few countries. Moreover, speakers emphasized that while developing countries should create appropriate incentives to attract productive foreign capital, they must be cautious of short-term and potentially destabilizing capital flows.

At the third Review Session (10-11 March 2008) on Chapter V, “[External Debt](#)”, it was stressed that, overall, the debt indicators of developing countries had improved markedly since 2002. Most developing countries had debt management programmes in place and had built reserves, reducing vulnerability. The implementation of the Heavily Indebted Poor Countries Initiative and Multilateral Debt Relief Initiative had led to a significant reduction of the debt burden of many developing countries. It was also pointed out, however, that there was a considerable transfer of resources from the South to the North, partly because of debt servicing. A large number of countries still faced very high or unsustainable debt servicing burdens. Calls were made for a debt resolution mechanism aimed at guaranteeing fair burden sharing among debtors and creditors.

The fourth Review Session (11-12 March 2008) focused on Chapter VI, “[Addressing systemic issues: enhancing the coherence and consistency of the international monetary, financial and trading systems in support of develop-](#)

[ment](#)”. Participants discussed new trends in international finance, including the increased role of emerging economies, growing global current account imbalances, the emergence of a new generation of financial crises, excessive global liquidity and the continued marginalization of international financial institutions, especially the Bretton Woods institutions. Several discussants noted that international financial institutions had governance, financial and credibility problems. There was a wide convergence of views that the voice and representation of developing countries must be further strengthened in international economic decision-making and norm-setting.

During the fifth Review Session (15-16 April 2008) on Chapter V, “[Increasing international financial and technical cooperation for development](#),” it was noted that ODA trends since Monterrey showed an increase between 2002 and 2005, followed by two consecutive years of decline in 2006 and 2007. Participants expressed the view that the Doha Conference should seek to give greater predictability for meeting the agreed ODA commitments. South-South cooperation, including triangular cooperation, was seen as an important aspect of development cooperation. Emerging donors could contribute to lessons learned from their own development experience. Many speakers highlighted that aid quality and effectiveness depended significantly on national ownership, domestic policies and regulatory frameworks, as well as the alignment of ODA with national policy objectives.

The last Review Session (19-20 May 2008) dealt with Chapter III, “[International trade as an engine for development](#)”. Participants called for a universal, rule-based, open, non-discriminatory and equitable multilateral trading system. The Doha Development Round should be concluded by the end of 2008, so that trade could play its full part in promoting economic growth, employment and development for all. Participants highlighted the potential for trade liberalization to increase export earnings and promote economic growth. Numerous speakers emphasized the growing importance of South-South trade. Many participants insisted that trade liberalization had to be synchronized with conditions in developing countries. Aid for trade could help build capacity to ensure higher productivity in developing countries and enable them to better compete in the global market place.

*See the [Roadmap to Doha](#), a full calendar of high-level intergovernmental events on financing for development held during the preparatory process:  
<http://www.un.org/esa/ffd/doha/roadmap.htm>*

## Other events in preparation for the Doha Conference

Interactive hearings with representatives of [civil society](#) and the [business sector](#) on financing for development will be held at UN Headquarters on 18 June 2008. In addition, UN regional commissions, with the support of regional development banks and other relevant entities, have held [regional consultations](#) in preparation of the Doha Review Conference.

More information is available on the FfD website ([www.un.org/esa/ffd](http://www.un.org/esa/ffd))

## Doha NGO Group

The Doha NGO Group comprises the following networks that serve as facilitators in the FfD process. The current group includes:

- [AFRODAD](#)
- [AWEPON](#)
- [Cooperation Internationale pour le Developpement et la Solidarite](#)
- [EURODAD](#)
- [LATINDADD](#)
- [InterAction](#)
- [International Trade Union Confederation](#)
- [New Rules for Global Finance Coalition](#)
- [NGO Committee on Financing for Development](#)
- [Third World Institute](#)
- [Third World Network](#)
- [Ubuntu](#)
- [Women's Working Group on Financing for Development](#)

NGOs that are not familiar with the FfD process and want to engage in the Doha Review Conference and its preparatory process are encouraged to contact one of these networks.

## ECE holds regional consultation in preparation for Doha Review Conference

The United Nations Economic Commission for Europe (ECE) held, on 13 May 2008 in Geneva, a regional consultation in preparation for the Follow-up International Conference on Financing for Development. The meeting focused on region-specific aspects within each of the six thematic areas of the Monterrey Consensus, including domestic and international resource mobilization, trade, external debt, international financial and technical cooperation for development and enhancing the coherence and consistency of the international monetary, financial and trade systems. At the meeting, regional experts from UNECE, UNDP, UNCTAD, IMF, WTO and academia exchanged their views and made recommendations on what economic issues should be addressed in Doha. As a result, a summary will be prepared and presented as input to the outcome document of the Doha Review Conference. More information, including the [agenda of the meeting](#), is available on the [FfD website](#).

## Informal consultations on outcome document

On 9 and 16 June 2008, the General Assembly held informal consultations on the contents of the outcome document of the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus. The consultations were co-chaired by H.E. Mr. Maged A. Abdelaziz, Permanent Representative of Egypt, and H.E. Mr. Johan L. Løvald, Permanent Representative of Norway. [Statements](#) made during the consultations are available on the FfD website.

## Civil Society Forum

In preparation of the Hearings of civil society, the NGO Committee on FFD and UBUNTU, on behalf of the Doha NGO Group (DNG), organized a Civil Society Forum on 17 June 2008 at the Church Center in New York. The webcast of the meeting is available at <http://www.civilsociety.tv/live>.

## Consultation of the Women's Working Group on FfD