Brief Summary of the Doha Declaration on Financing for Development: Follow-Up Review of the Implementation of the Monterrey Consensus (2009)

Chapter 1

Reaffirming the Goals and Commitments of the Monterrey Consensus

The 2002 Monterrey Consensus is affirmed "in its entirety, in its integrity and its holistic approach" to eradicating poverty and promoting sustainable development and economic growth. Commitment is made to keep advancing to a "fully inclusive and equitable global economic system".

Countries have primary responsibility for their own economic and social development. National efforts need to be supported by an enabling international economic environment because global systems are interwoven. International trade and investments can help countries eradicate poverty.

Unfortunately, the world has experienced multiple inter-related challenges since 2002, including volatile commodity prices, terrorism, climate change, and the global financial crisis of 2008. Immediate and decisive actions must be taken to overcome these serious obstacles to Monterrey's goals. Africa, Least Developed Countries, landlocked countries, small island nations, and post-conflict states have urgent FfD needs. Implementing Monterrey's commitments requires respecting the human rights to development, gender equality, peace, security and freedom.

Chapter 2

Mobilizing Domestic Financial Resources for Development

A number of developing countries have been making progress toward mobilizing domestic resources for building their own economies. Good governance and national ownership and control of development policies are all essential for sustainable development. However, better international support is also vital. Respect should be shown to the distinct culture and characteristics of every state.

Sustainable development can be assisted by the efforts of a well-functioning and socially-responsible private sector. Steps need to be taken to bolster enabling environments for entrepreneurs, especially women and marginalized people. It is understood that the regulatory role deemed appropriate for government varies from country to country.

Stronger policies for human development, capacity building, are needed to help meet the goal of full employment and decent work for all. Economic inequalities within and among countries cannot continue to grow as they have been since 2002. Investments are needed in the areas of health; education; skills-training; access to financial and credit services; and social protection of the young, elderly, and disabled; women; and those vulnerable in other ways. Greater resources must be mobilized to provide universal access to basic economic and social infrastructure and to inclusive social services.

Macroeconomic policies should aim to maintain high rates of economic growth, employment, and poverty eradication, while avoiding abrupt and damaging economic fluctuations. Globalization, of trade and investment systems especially, does limit options for policy-makers in many countries. Governments have to decide for themselves how much domestic policy space they are willing to sacrifice in order to be part of international commitments that come with restraints.

Fiscal reform, including tax reform, is key to enhancing macroeconomic policy and mobilizing domestic public resources for development. The overarching aim is to make tax policies more “pro-poor”. Thus, reforms will include enhancing revenues with: modernized tax systems, more efficient tax collection, broader tax bases, and more effective combatting of tax evasion. Budgetary processes and transparency of government fiscal management will also be improved. Countries are responsible for their own tax systems, of course, but outside support can come from cooperation in international tax matters (e.g. corporate taxing, tax havens, illicit financial flows) or technical assistance in areas of domestic concern (e.g. strengthening regulatory and supervisory mechanisms, providing personnel training, modernizing equipment, supporting microfinancing efforts).

Chapter 3

Mobilizing International Resources for Development: Foreign Direct Investment and Other Private Flows

Foreign direct investment and other private capital flows are important sources of FfD. Some developing countries have benefitted from them since Monterrey, but many more need them, too. Technical, financial, and structural assistance will help developing countries become more attractive to private and foreign direct investors.

Developing economies need foreign public and private partners to provide technical assistance and share best practices in many areas, including information systems, skills training, transport, energy, communications, and guarantees. This support reduces the risks to investors. Investors seek stability, respect for contract and property rights, and the rule of law. Bilateral investment treaties are encouraged, as they provide legal predictability. Multi-lateral and regional banks must continue innovating for developing, low, and middle income countries.

It is important for relevant regional and international institutions to provide export credit, co-financing, venture capital, and business development services. Sharing and transferring technology is a key channel for impacting sustainable development.

Good governance, transparency, and corporate social responsibility are what will protect local labor forces and the natural environment. Sovereignty must be respected in international dealings. It is reiterated that each State has full and permanent sovereignty over all its wealth, natural resources and economic activity.

Approaches are needed to objectively assess and strengthen the economic situations and outlooks of countries for the benefit of informing potential investors. Capacity-building in developing states is necessary for collecting and analyzing economic data.

Remittances have become significant private financial resources in countries of migration, but cannot be considered a substitute for ODA, debt relief or other FfD sources. Transactions costs for remittances should be lowered through international cooperation.

Chapter 4

International Trade as an Engine for Development

A universal, rules-based, open, non-discriminatory and equitable multi-lateral trading system, plus true trade liberalization, can stimulate economic growth and benefit countries at all stages of development. Trade among developing countries is increasing, which is encouraging. However, LDCs and other at-risk nations remain at the margins and need to have their trade systems enhanced. The World Trade Organization's decision to put the interests of developing nations at the center of their policies is supported. This is especially important in the context of the global financial crisis.

Multi-lateral trade agreements are successful if they support the expansion of exports in developing countries; reinforce trade's role as an engine of international economic growth, and increase developing countries' opportunity to use trade to grow their economies. Negotiating the special treatment that developing countries require in trade matters will require flexibility and political will. Protectionism is unacceptable when so many are suffering during times of financial crisis.

Each country has to undertake trade liberalization at its own pace by evaluating its costs and benefits. Strategies at the national level can complement international efforts at achieving a positive impact for developing states. International support for trade liberalization (e.g. duty-free and quota-free market access)--and actions against policies that distort it--are required in order to meet FfD goals. Developing nations face many obstacles when trying to enter into international trade systems.

Aid for Trade, initiated in 2005 by the WTO, is a useful component of policies to assist developing nations. All commitments must be completed in a timely manner. A critical aim in Aid for Trade is to enhance trade capacity and competitiveness while also ensuring ownership of, and alignment with, each countries' own development plans.

Trade and investment are also promoted by economic cooperation agreements, bilateral trade treaties, and regional integration. There should be increased support for South-South trade and triangular cooperation within WTO rules.

Chapter 5

Increasing International Financial and Technical Cooperation for Development

The current financial crisis is having a severe impact on the ability of developing countries to mobilize resources for development. The essential and catalytic role that quality ODA plays in poorer states cannot be overstated, so efforts to keep those commitments must be redoubled. Without ODA, developing countries have great difficulty achieving inclusive economic growth, fighting poverty, and preserving the natural environment. The declining trend of ODA payments started to *reverse* after Monterrey (admittedly, in part because of debt relief and humanitarian assistance that was counted as ODA). The current global economic trouble puts this positive trend at risk, though. It is crucial that fulfillment of ODA promises be achieved. Many developed states have agreed to give ODA of 0.7 per cent of GNP by 2015. All necessary plans to ensure fulfillment should be made promptly. Democratic governance, transparency and accountability are important to build on progress made in ensuring ODA.

Low-income and middle-income countries also need technical assistance, which can be provided by international financial institutions.

Increasing international efforts to improve the quality of ODA and study aid effectiveness are welcomed and should continue. Ownership and alignment of these efforts would be enhanced with more inclusive and broader-based participation. There is no one-size-fits-all formula that guarantees effective assistance everywhere.

Aid architecture has significantly changed since Monterrey. Aid flows have increased through new aid providers, novel partnerships, and new modalities of cooperation. The UN is the best focal point for coordination and cooperation here. The Secretary General is invited to work with relevant stakeholders to address this point. Toward that end, the importance of well-managed and adequately-resourced United Nations systems cannot be overstated.

Public and private collaboration at the national level is encouraged and should be pursued.

South-South, and triangular, cooperation provide much-needed additional resources for development. These arrangements should be seen as an expression of solidarity between countries based on their shared experiences and objectives. They are complements to North-South and regional cooperation, not substitutes.

Since Monterrey, there has been considerable work done on innovative sources of financing for development. A number of initiatives are already a reality or nearly so. Where appropriate, such initiatives should be scaled up, with the recognition that they are not meant to replace traditional financing programs. The international community make be sure money raised is distributed in accordance with settled global policy.

In the current economic climate, it is especially crucial that attention be given to capacity-building, expertise exchanges, and sharing of technology. Developing states need those supports in order sustain improvements and growth.

Chapter 6

External Debt

The sustainability of external debt in developing countries has improved somewhat since Monterrey, but the situation remains tenuous in Heavily Indebted Poor Countries (HIPC). Debt relief continues to be a significant issue to address so that domestic resources can be mobilized for poverty eradication. The World Bank/IMF Debt Sustainability Framework is one that has achieved positive results. The current financial crisis may undo much of this success, though.

More debt cancellation should be considered and flexibility should be shown in all debt relief measures. Donor countries must ensure that debt relief does not detract from ODA, though. Meeting ODA commitments is a separate responsibility.

HIDCs will not be able to enjoy the full benefits of debt relief unless public and private creditors contribute their fair share and become involved in international debt resolution mechanisms. Middle income countries are also addressing their external debt situation, so sustained efforts by the global community toward equitable solutions for relief are essential.

Existing international debt resolution mechanisms are still creditor-driven. There remains an acute need for international systems that are equitable, legally predictable, and just and fair to both debtors and creditors. Vulture fund litigation has increased concern about aggressive tactics against developing countries. HIPCs need technical assistance and legal support, especially from Bretton Woods Institutions and multi-lateral development banks. Creditors must not sell claims on HIPCs to other creditors who do not participate fairly in debt resolution efforts.

Intense efforts continue to prevent debt crises by employing mechanisms in which public and private creditors cooperate. These systems must be transparent and accountable, and must acknowledge that debt is the joint responsibility of donors and recipients. Responsible borrowing and lending practices are needed. Flexibility is needed in situations of natural disaster or conflict.

The domestic development plans of countries should be considered in debt relief decisions. Domestic policies for long-term economic and social development are too often hampered by external debt obligations.

Modern data collection and analysis will help external debt relief efforts. Technical assistance and capacity-building in developing states are vital to making this possible. The Bretton Woods Institutions can play a significant role there, given their mandates.

Chapter 7

Addressing Systemic Issues: Enhancing the Coherence and Consistency of the International Monetary, Financial, and Trading Systems in Support of Development

Significant changes are still needed in our global financial systems, as the current crisis reveals. The world needs to strengthen ways to identify and prevent potential crises and stabilize international financial architecture. The focus must be on greater transparency, broader participation, and greater voice for more countries at all levels of development.

Developing countries are underrepresented in major standard-setting bodies. Global financial and trade systems must be reformed; the legitimacy and effectiveness of these institutions is at stake. Changing economic weight in the world economy and the absence of voices from developing countries in policy-making mean it is time to update the institutions.

Stronger coordination on poverty eradication and sustainable development policies is needed among the UN, Bretton Woods Institutions, the World Trade Organization and other multi-lateral trade and monetary institutions. Enhancement of market oversight and regulation is required, including. Reform of regulatory and supervisory frameworks will improve the resilience of the international financial system. The ability to act swiftly can be crucial and must be improved.

Better coherence among ministries of all nations could result in better and stronger development policies at all levels. Stable international markets require macroeconomic policies that are well-managed in all countries. Countries who have impact on developing countries are called upon to ensure that their own policies and practices are consistent with the global objectives of poverty eradication, economic growth, and sustainable development.

The potential role of regional development banks and regional cooperative frameworks is similarly instrumental. Attention must be given to whether they have adequate resources to act as may be necessary.

Credit rating agencies play a large role in assessing sovereign and corporate risk and so their work must be based on broadly-accepted, clear, objective, transparent standards. This financial crisis has exposed weaknesses here that must be corrected.

Chapter 8

Other New Challenges and Emerging Issues

Since Monterrey, the world has faced the challenges that include increasing climate change, global financial crises, volatile commodity prices, food insecurity, energy shortages, and the increasing cost of rebuilding post-conflict states. All of these issues have profound impact on financing for development.

Even middle income countries are now facing problems they thought they had overcome. Also, consensus has emerged since Monterrey that states coming out of conflict have extreme economic and social needs that have to become part of the international agenda.

Development policies, including the Millennium Development Goals, need further decisive and direct action if they are to be achieved. All donor nations are called to promptly address the situation of the poorest and most vulnerable people on earth by keeping ODA and other commitments. Developing countries are called to maintain sound macroeconomic policies.

Chapter 9

Staying Engaged

Commitment is made to staying fully engaged in development issues at international, regional, and national levels so that the Monterry Consensus will be fully implemented. Unremitting efforts to build bridges with all relevant stakeholders in a holistic way shall continue. It is important that the United Nations remain the focal point of follow-up efforts and that those efforts be integrated. All stakeholders and participants in the FfD process have a core responsibility to exercise ownership of this process and to implement their respective commitments. There should be ample room to share best practices.

Further substantive follow-up work needs to be done starting with the 64th Session of the General Assembly in 2009 and at another international FfD conference in 2013.