

DESA

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**Key points of the separate meeting on Financing for Development
within the 2005 World Summit—14 September 2005**

A key thrust of the debate was that the Monterrey Consensus is the basis for success in achieving MDGs, and that it must therefore be implemented fast. There was a strong sense of urgency to eradicate poverty and a few new announcements of concrete measures, such as by China. The emphasis that many developing countries themselves put on sound policies and good governance was testament to the support for the Monterrey Consensus. Qatar offered to host the follow up conference on FfD in 2007, which has to be decided before the end of 2005. The following key points emerged:

Debt relief as a source of financing

- The debt relief initiatives were welcomed, but should be extended to more countries, including non-HIPC and middle-income countries, and more lending institutions;
- Debt swaps were considered a useful but underutilized mechanism.

Major support for South-South cooperation

- Venezuela referred to its Petrocaribe initiative to ameliorate the impact of high oil prices;
- Qatar recalled its proposal to create a South Fund for Development and Humanitarian Assistance;
- China will (i) eliminate tariffs for 39 LDCs with diplomatic relations with China; (ii) forgive HIPCs' and LDCs' debt arrears as of 2004; (iii) provide \$10 billion in concessional loans over next 3 years; (iv) provide anti-malaria drugs and improve health facilities, particularly for Africa; and (v) help train 30,000 professionals from developing countries.

High oil prices

- Measures must be taken to offset the negative impact of the rise in oil prices;
- The surpluses generated by high oil prices must be used better for development;
- Some stressed the merit of alternate energy sources and the potential positive impact on agriculture.

International financial architecture

- The Rio Group proposed a new Bretton Woods conference to reform international financial system;
- There was support for measures to improve democracy, transparency and accountability of the international financial institutions;
- Malaysia, the Rio Group, and Caricom stressed the need to eliminate the negative impact of the international financial institutions conditionality on employment, growth and poverty.

Official Development Assistance

- Increased aid efforts, in particular by the EU, were welcomed and other countries were encouraged to establish timetables to meet the 0.7 per cent target;
- Malaysia proposed to create a unit in the UN to monitor ODA flows;
- General support was expressed for the Democracy Fund and for the South Fund for Development and Humanitarian Assistance;
- Sweden announced that its ODA will reach 1% later this year;
- Japan will increase ODA by \$10 billion in 5 years, but did not mention the 0.7% target;
- There was general support for innovative sources of finance; The International Finance Facility for immunization, with pledges of \$4 billion announced on 9 September, will go ahead; Chile announced a \$2 solidarity contribution on every departing flight as of 1 January 2006;
- Brazil will introduce a GA resolution to reduce the costs of remittances.

Trade

- Real progress in the trade negotiations is urgently needed;
- A special category for SIDS should be created in WTO.

[DESA/HJB]



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