



Sistema Económico
Latinoamericano y del Caribe

Latin American and Caribbean
Economic System

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Latino-Americano e do Caribe

Système Economique
Latinoaméricain et Caribéen

Conclusions and Recommendations

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1. Participants in the Regional Dialogue on Financing for Development and External Debt ahead of the UN High Level Meeting to review the implementation of Monterrey Consensus, held in the headquarters of SELA (Caracas, 20 June 2008), took note with interest of the document drafted by the Permanent Secretariat, titled "The Monterrey Consensus Six Years Later and Financing for Development in Latin America and the Caribbean" (SP/DRFDDE-RANONUCM/DT No 2-08), which served as the base for the discussions that took place among the representatives of the Member States.

2. The delegates congratulated the Permanent Secretariat for the analysis and valuable proposals contained in the study. They also underscored the usefulness of the remarks – and the subsequent debates – made by the representatives of the Secretariat of the Group of 24, UNCTAD, ECLAC, CEMLA, CAF and the CDB. Similarly, they thanked for the presentation made by the Vice-minister of Finance for Endogenous Development, of the People's Ministry for Finance of the Bolivarian Republic of Venezuela Bolivarian Republic of Venezuela, on the ALBA Bank and the Bank of the South.

3. The most relevant issues discussed by the delegates of the Member States of SELA included the following:

a) It is fundamental to include various elements concerning the dimension of development in order to achieve a successful conclusion of the WTO Doha Round. In this connection, the existing asymmetries between developed and developing countries must be taken into consideration, thereby, incorporating disciplines related to special and differential treatment in accordance with the current conditions of the global economy. This would also entail establishing equitable and fair rules within the multilateral trade system and the elimination of agricultural protectionism in developed countries.

b) Official Development Assistance (ODA) is crucial to enable many developing countries to reduce poverty and comply with the Millennium Development Goals. Nevertheless, the levels of ODA provided by developed countries with respect to their gross domestic product are still below the goal agreed to. Considering the problems regarding the effectiveness of the assistance is as important as making it available in sufficient amounts.

c) It is necessary to adopt a long-term approach on external debt sustainability since the current framework has limitations. For instance, the debt relief mechanism for highly indebted poor countries has implied a reduction of the concessional resource flows received by these nations.

d) There is a lack of inter-institutional coordination at the international level to ensure a stable global economic system, which promotes economic development.

e) It is important to make concrete progress to achieve a more equitable participation by developing countries in decision-making processes in multilateral financial organizations and in the United Nations system.

f) It is necessary to ensure an active participation of regional financial institutions in order to contribute to domestic development efforts. Latin America and the Caribbean have positive experiences in this area, and the region's institutions (such as CAF and the development banks promoting trade among existing integration groups), along with other recent initiatives such as the ALBA Bank and the Bank of the South, should continue to make efforts to improve their contributions in this area.

2

4. The representatives of the Member States of SELA took note with interest of the presentation made by the delegation of Costa Rica, which dealt with a proposal made by its government, called the "Costa Rica Consensus". It envisages the creation of debt write-off mechanisms and supporting developing countries with financial resources so that they start to invest more money in health, education and housing for their populations, and less money in weapons.

5. Some delegations stressed that, in facing the challenges posed by development in Latin America and the Caribbean, integration and cooperation processes turn out to be crucial, since they are mechanisms that help to solve vulnerability problems and to build spaces for financial, energy and food sovereignty at the regional level. Similarly, the delegations pointed out that private capital flows coming from abroad – particularly FDI flows – must be selective and encourage technology transfers, while contributing to generate jobs in recipient countries. They pointed out that in providing resources, international financial organizations must respect national sovereignty and, therefore, they should not have conditionalities attached. They also emphasized that, in the international economic negotiations, political spaces must be preserved so that countries can design and implement national development strategies.

6. Several delegations underscored the transcendence of the new cooperation and integration initiatives that have been recently undertaken in LAC – such as Petrocaribe, the Bolivarian Alternative for the Peoples of Our Americas (ALBA) and the Bank of the South, among others – which represent novel mechanisms for South-South Cooperation and support national development efforts based on alternative notions replacing traditional ones.

7. According to several representatives of the Member States of SELA, it is necessary to adopt a new international financial architecture that reduces the levels of risk and uncertainties in the global economy. Part of that new international architecture is related to the creation of regional monetary and financial schemes with new institutional modalities at the domestic level. In this connection, some delegations pointed to the importance that private flows leave spaces that should be complemented by public investments.

8. The delegates of the Member States of SELA stated that the discussions to be held on the review of the implementation of the Monterrey Consensus should consider the following proposals:

- To support the creation of investment funds in Latin America and the Caribbean aimed at supporting micro-, small- and medium-sized enterprises in the region.
- To analyze the possibility to use part of the substantial monetary reserves accumulated by LAC for financing integration projects and regional economic development, and to promote actions to pursue integration of capital markets in the region.
- To consider the convenience of analyzing, negotiating and implementing a Regional Agreement for facilitation and promotion of Foreign Direct Investment within Latin America and the Caribbean.
- To make emphasis, during the UN High-Level International Conference in Doha, on the need for the donor countries that provide resources for development and are members of the Development Assistance Committee to comply with their commitment to

allocate 0.7% of their national income for ODA, and to reject conditionalities for accessing external financial flows.

- To efficiently incorporate middle-income countries into the international cooperation system, both in their capacity as aid recipient nations and in South-South cooperation projects.
- To give priority to the participation of the region in the upcoming International Conference on Cooperation for Development, which will take place in Accra, capital of Ghana, in September 2008. In this connection, it should be borne in mind that the principles of alignment, harmonization and appropriation are necessary to take advantage of the benefits of an effective cooperation, but it should respect national sovereignty in executing and managing the projects involved. Cooperation should be used to finance projects established under the leadership of national governments, in accordance with their development priorities.
- To propose the creation of new credit mechanisms and facilities that include a concessional treatment to existing debt in developing countries, in order to face the new international situation. These new mechanisms or facilities should benefit highly-indebted middle-income countries.
- To pay special attention to the specific characteristics of small island states in the Caribbean, which face huge challenges in view of the current international economic context and the recurrent impacts of natural disasters, as well as the specific characteristics of landlocked States.
- As far as landlocked countries are concerned, emphasis must be made on the need to guarantee access to external markets for them, for which it is crucial to develop physical infrastructure for trade. Similarly, these States must be supported by the international community so that they can strengthen their key productive sectors, with a view to reducing their economic vulnerability. Within this context, participants urged countries to comply with the commitments adopted in the International Ministerial Conference of Landlocked and Transit Developing Countries and International Financial and Development Institutions on Transit Transport Cooperation, held in Almaty, Kazakhstan, in August 2003.
- To make emphasis on the need for greater IMF supervision of the economic performance of industrialized countries, and on strengthening the mechanism for follow up of the agreements reached in Monterrey in order to ensure an integral evaluation of their implementation.

RECOMMENDATIONS

Participants in the Regional Dialogue on Financing for Development and External Debt ahead of the UN High Level Meeting to review the implementation of Monterrey Consensus made the following recommendations to the Permanent Secretariat of SELA:

1. To send the final report of this meeting to the GRULAC, in New York, and to request the UN Office of Financing for Development to forward this document to the General Secretariat so that it is taken into consideration in the process to draft the final document for the UN High Level Conference to review the implementation of the Monterrey Consensus.

4

2. To convene a regional meeting, in early 2009, to evaluate the results and commitments adopted in the High-Level Conference of Doha.
3. To incorporate the analyses contained in this document, as well as the conclusions and recommendations of this Regional Dialogue, to the proposals to be discussed during the Meeting of International Cooperation Directors for LAC, organized by SELA.
4. To promote, in SELA, training projects to support public policies for management of FDI and foreign trade flows, so as to contribute to development in LAC.
5. To organize a regional meeting for consultation in SELA during the second half of 2008 in order to analyze the status of the WTO Doha Round negotiations.
6. To convene a regional meeting to analyze the impacts of the current international economic architecture on the region's development and the feasibility of taking full advantage of regional cooperation experiences in these different areas.
7. In facing the current triple shock – in the areas of financing, energy and food – the Permanent Secretariat of SELA should work to outline a coherent Latin American and Caribbean strategy, which recognizes existing asymmetries and promotes regional security mechanisms in those three areas.
8. Participants congratulated the Permanent Secretariat of SELA for its work to conduct this important meeting, and thanked international and regional organizations for their cooperation and participation in the meeting.