

Washington DC, December 1st 2003

Dear Mr. / Ms.

We, the undersigned NGOs, are encouraged that the UN General Assembly Second Committee is taking the UN Financing for Development (FFD) process seriously by giving careful consideration to proposals made at the High Level Dialogue of the General Assembly (past October 29-30th, New York).

The Financing for Development conference meant an unprecedented effort to build a consensus among a broad set of stakeholders, including international organizations, civil society and the private sector, on means for financing the achievement of the Millennium Development Goals and other internationally agreed development goals. However, as some delegations noted during the High Level Dialogue, the Monterrey Consensus was never a finished product, but rather a point of departure. In fact, the credibility of the Financing for Development follow up process hinges upon its ability to build on the broad language of the Monterrey consensus to provide concrete proposals that effectively address the key issues that hinder the availability of resources for development in our time.

The Financing for Development resolution, currently under negotiation, could take some concrete steps in this direction. To that purpose, we believe the resolution should include, at least, the following points:

1) Commodities: developing countries, especially the Least Developed ones, tend to be dependent on primary commodities. The increased volatility and declining prices of those commodities in the last 20 years has undermined their ability to dispose of resources for development. For instance, studies have shown that, for every dollar of capital inflow that enters the Sub-Saharan region, 51 cents make up for commodity price losses. This dynamic clearly undermines any other strategy that relies on raising the income levels of these countries.

The Financing for Development resolution should explore ways of improving and stabilizing prices of primary commodities.

2) Debt:

The debt overhang continues to represent a significant obstacle in developing countries' path to development. In spite of repeated reports, some of them by the Bretton Woods Institutions themselves, documenting the insufficiency of the Enhanced Heavily Indebted Poor Countries Initiative (HIPC II) launched in 1999, no efforts seem to be underway to rethink the initiative within those institutions. Moreover, the promise of the Monterrey Consensus to put in place "a set of clear principles for the management and resolution of financial crises that provide for fair burden-sharing between public and private sectors and between debtors, creditors and investors" remains unfulfilled.

The Financing for Development resolution should support the Secretary General's report proposal (para. 137) for the creation of an open, multi-stakeholder study group on debt and its development dimensions.

3) Participation of developing countries in international economic decision-making processes:

The insufficient representation of developing countries in international economic forums continues to prevent issues of concern for those countries from reaching the agenda of those fora. The Monterrey Consensus' call to increase the participation of developing countries in international economic decision-making and norm-setting bodies remains unfulfilled, with only minor changes introduced in the Bretton Woods Institutions.

The Financing for Development resolution should restate the call for increasing the participation of developing countries within the World Bank, the IMF, and other international economic decision-making fora and set a timeframe to that purpose.

4) Strengthening Inter-Governmental Coordination for the FFD Follow-Up:

One of the practices that led to a strengthened leadership by the UN and a successful outcome of the Monterrey Consensus process was the creation of a Bureau of the Preparatory Committee for the Conference. The Bureau, working face-to-face with the Secretariat, provided regular support to the preparations for the event and the interactions needed between the Secretariat and the other organizations involved in the Conference. The follow-up process to the Conference would benefit greatly if it decided to build on that experience and constitute an Executive Committee of ECOSOC to ensure that the follow-up process becomes more focused, meaningful and coherent.

It is also crucial to take full advantage of the potential of the General Assembly High Level Dialogue on FFD as a follow-up mechanism. In order to ensure adequate planning, and that it is fruitful and efficient, its time and modalities need to be well known in advance. Such preparatory process could benefit by a mid-term report on progress in implementation made available by the Secretary General for the next General Assembly session.

The Financing for Development resolution should provide for the creation of an Executive Committee of ECOSOC along the lines of the recommendation made by the Secretary General in its report (para. 182). It should also establish a process for clarifying time and modalities of the next High Level Dialogue (scheduled for 2005) and request the Secretary General to provide a mid-term report on implementation to the next session of the General Assembly.

5) A holistic and coherent approach to debt, trade and finance to support development:

The FFD conference has the unique value of taking an integrated and holistic approach to debt, trade and financial issues. While different agencies and organizations focus on several aspects of trade, finance or monetary policy, the FFD is the only process where those institutions and other stakeholders could be brought together for a balanced and meaningful consideration of issues that lie at the interface between them.

The Financing for Development resolution should set up ad hoc working groups on issues of coherence between trade, debt and financial policy. These groups could address: the role of trade in developing countries' external debt problem; the joint impact of conditionalities attached to multilateral loans and the terms of multilateral trade agreements; the impact of macroeconomic policy coordination on the multilateral trading system, and other critical issues at the interface between debt, trade and finance. Such working groups should allow for representation by all stakeholders.

We thank you very much for your consideration and are hopeful that our proposals will be given attention in the upcoming negotiations for the Second Committee resolution of reference.

Sincerely yours,

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