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OECD STATEMENT TO THE FOLLOW-UP OF THE UN MILLENNIUM DECLARATION AND MONTERREY CONSENSUS

This Statement was adopted by Council on 28 April 2005. Ministers are invited to welcome this Statement and to ask the Secretary-General and the Chair of the Council at Ministerial level to transmit it to the Secretary-General of the United Nations.

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ENABLING DEVELOPMENT

OECD statement to the follow-up of the UN Millennium Declaration and Monterrey Consensus

1. We, Ministers of OECD countries, gathered at the OECD Ministerial Council Meeting on 3-4 May 2005 in Paris, reaffirm our strong commitment to the implementation of the Millennium Declaration and the Monterrey Consensus and for achieving the internationally agreed development goals, including those contained in the Millennium Declaration (MDGs).¹

2. We recognise that each country has primary responsibility for its own economic, environmental and social development. Sound macro-economic policies, good governance based on solid democratic institutions and accountability responsive to the needs of the people, men, women and children and an environment within which the private sector can thrive are keys to sustained economic growth, poverty eradication, employment creation and environmental sustainability. Based on the principle of shared responsibility we commit to creating an enabling international environment in which developing countries can prosper. Macro-economic policies should be set so as to generate stable growth, low inflation and sustainable public finances, which will assist countries by lowering the cost of finance and providing steady export market growth. To spur growth and reap the full benefits from interaction between developing and developed countries, we will strengthen synergies among policies and take into account their impact on developing countries.

3. We welcome the evidence that for a large number of poor there has been real progress towards meeting the MDGs set for 2015. But we also recognise that for millions of peoples and in some regions progress is seriously lagging for most goals. We therefore commit ourselves to intensified mutual efforts towards achieving the income and hunger goals as well as goals on education for all, health including HIV/AIDS and the other communicable diseases, gender equality and the environment, including access to clean water and sanitation. We are especially determined to assist African countries in their efforts to meet the MDGs and improve their development performance. In this endeavour we are engaged on multiple fronts, including by supporting Africa's peace and security agenda, by helping to improve the environment for investment, for domestic and external resource mobilisation and improved agricultural productivity. The Mutual Review of Development Effectiveness undertaken jointly in the context of NEPAD by the OECD-DAC and the UN Economic Commission for Africa provides an innovative framework for advancing these efforts. We will continue to deepen our close cooperation with the UN System and the International Financial Institutions in order to assist developing countries to achieve the MDGs.

4. We recognise the close links between peace, security and development and the significant ongoing evolution of international cooperation approaches towards human security and ending fear as an obstacle for development. The UN Secretary General's Report "In Larger Freedom" is providing a basis for further consideration of policies, resources and cooperation frameworks to meet the threats and challenges that stand in the way of development, security and human rights for all. OECD through the Development Assistance Committee (DAC), will carry forward its work on fragile states, humanitarian assistance, security sector reform, conflict prevention and peace building with the UN and other international agencies, regional organisations, bilateral donors and other partners as a contribution to strengthened international cooperation in this area.

¹ As endorsed by Heads of State and Government in the UN General Assembly on September 8, 2000.

5. We know that an open, rule-based and non-discriminatory trading system stimulates development worldwide. Achieving the ambitious goals of the Doha Development Agenda is critical to global economic growth, development and poverty reduction. We will make all efforts, with a heightened sense of urgency, to ensure that the Doha Round delivers substantial benefits to developing countries. We agree to play an active role in the negotiations and encourage developing countries to do likewise to ensure that a successful outcome is achieved at the WTO Hong Kong Ministerial in December 2005 and that negotiations are completed no later than 2006. Particular attention needs to be paid to the role of developing countries, especially the least developed countries, in the multilateral trading system, both in terms of what they can themselves bring to that system and in terms of what needs to be done to address their concerns and negotiating capacity. Progress on agriculture, Non Agricultural Market Access, services, trade facilitation and rules can make an important contribution to this end with the development dimension reflected across the board. Enhanced technical assistance and capacity building, particularly for the least developed countries, are also important. We will work together with developing countries to enhance their productive capacity, to meet adjustment needs and to take advantage of new trade opportunities, including south-south trade.

6. We recognise that private investment, both foreign and domestic, plays a central role in promoting growth and development worldwide. International investment contributes to poverty reduction and sustainable growth through job creation, knowledge transfer, increased competitiveness and better integration into the global economy. In the context of the *OECD Initiative on Investment for Development*, launched in 2003, we are committed to helping countries build sound investment environments using a wide range of policies including trade, competition, tax, public and corporate governance. We are increasing OECD investment policy co-operation programmes with leading developing countries, Africa (NEPAD), the Middle East and North Africa (MENA), and other regions. We are supporting efforts to use ODA better to help developing countries improve their enabling environment and to expand infrastructure and services needed for domestic and international enterprise to flourish. In this context we are working to strengthen the ability of enterprises in developing countries to respond to new opportunities including by supporting policies for the development of SMEs, agricultural productivity and women entrepreneurship and economic opportunities. We are furthermore promoting the observance of the *OECD Guidelines for Multinational Enterprises*, thereby enhancing the positive contribution of responsible international business to development. We also support the *OECD Principles of Corporate Governance*. We support efforts to invest in human capital, which plays a key role for development, in the process of economic growth and in attracting private investment. We cooperate to that end in education statistics and share the experience of the OECD Programme for International Student Assessment (PISA) with a growing number of developing countries. OECD also engages with UNESCO in efforts to promote improved quality assurance in cross-border higher education by developing non-binding guidelines.

7. Corruption is a major impediment to development and investment. Building on the OECD's Integrity Agenda, we are implementing a comprehensive OECD wide anti-corruption strategy including the *OECD Anti-bribery Convention*, the *Action Statement on Bribery and Export Credits* and the *Financial Action Task Force Recommendations on Money-laundering* and the financing of terrorism. We are committed to early ratification of or accession to the *UN Convention Against Corruption*; to proactive efforts to help developing countries to build effective anti-bribery systems; to locate and recover stolen assets; and to tackling corruption in all development co-operation efforts through the adoption of common anti-corruption principles and coordinated assistance approaches.

8. We are committed to significantly increase the volume of our collective aid as agreed in the Monterrey Consensus. Since Monterrey, significant increases in ODA have been made by most DAC member countries, including the largest DAC donor. OECD, non DAC members also contribute to the increase. Five DAC countries currently meet the target of 0.7 per cent of GNI as ODA and a further seven countries have committed to reaching the target by a specific date. Fulfilments of these commitments

would further increase aid volumes from \$78.6 billion in 2004 to \$115 billion by 2010. We urge all donors, including emerging donors, to make their best efforts. We understand the importance of predictability of flows to sound development management in partner countries. We also recognise that even greater resources, including aid, are needed to reach the MDGs by 2015 and for supporting regional and global collective action. This is a challenge in the preparations for the UN High Level Meeting in New York in September 2005. In this context a number of innovative financing measures have been proposed for development. Some OECD Members are launching pilot initiatives to secure financing of immunisation and of strengthened HIV/AIDS prevention, including vaccine research.

9. Larger aid volumes must be accompanied by their more effective use. The *Paris Declaration on Aid Effectiveness* of 2 March 2005 marks a new step in this agenda. We are committed to joint actions with multilateral development agencies and our developing country partners to improve the way we conduct programmes on the ground and to measure progress against the agreed commitments, based on indicators of progress and targets, both quantitative and qualitative. We are engaged also in internationally coordinated endeavours to ensure that development progress is properly measured and assessed and that results are used for improving development performance and aid effectiveness. To this end we work with developing countries for ensuring that their statistical systems are capable of producing high quality, timely statistics by 2010. In parallel we continue to improve the reporting on ODA and tracking of results and impact. DAC donors will maintain efforts to fully implement the 2001 DAC Recommendation on the Untying of Aid to Least Developed Countries and are encouraged to study possibilities of extending untied aid. Improving aid effectiveness requires strengthened capacity in partner countries.

10. We have significantly reduced the debt of many Heavily Indebted Poor Countries (HIPC) and we reaffirm our commitment to the full implementation and financing of the Enhanced HIPC Initiative. We recognise moreover that more has to be done both concerning bilateral and multilateral debt relief for indebted developing countries to secure long term debt sustainability and support progress towards the MDGs.

11. We recognise the value of private and voluntary flows to developing countries and welcome their rapid increase. We also recognise the value of flows of remittances, and we support further efforts to cut the transaction costs of such flows, and to create the policy environment and services needed to enhance their impact in terms of business development, income and employment. The public response to the Indian Ocean Tsunami is a testimony to the reserves of solidarity and humanitarian goodwill that exist. We owe to the public to report back on use of funds and results and OECD will track this assistance over the longer term, in cooperation with the UN and UN Office for the Coordination of Humanitarian Affairs (OCHA). In responding to national disasters, we stress the importance of strengthening international prevention and cooperation mechanisms.

12. We reaffirm our commitment to strengthening cooperation to address the environmental challenges including those of climate change, protecting biodiversity and the decoupling of environmental pressure from economic growth in key sectors, such as transport, agriculture and energy. We reiterate our commitment to implement the *OECD Agreement on Common Approaches on Export Credit and the Environment*. We recognise the importance of partnering with the private sector. To secure investment in sufficient and clean energy for development is a shared interest of developed and developing countries. We must jointly, through research and technological development, regulatory improvements and environmental fiscal reform promote investments that underpin our growth and development objectives, while tackling environmental challenges. We will continue to strengthen the integration of environmental concerns into development co-operation programmes. Timely, measured and concerted actions are needed by all countries to address greenhouse gas emissions towards the ultimate objective of the United Nations Framework Convention for Climate Change (UNFCCC).

13. We pledge to engage with developing countries through the OECD in sharing of experience, best practices and views on how to gain for all the most from globalisation. The OECD is already contributing to this through increasing outreach activities, through dialogue including with non DAC donors and, where a mutual interest is manifest, through cooperation in substantive work and capacity building in areas such as investment, tax policy, trade, entrepreneurship, environment, budget and financial management, procurement, and science and technology. Progress on common challenges can only be achieved through broad, deep and sustained cooperation among nations.