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REPORT**CONSULTATIVE PREPARATORY MEETING FOR THE FOLLOW-UP
INTERNATIONAL CONFERENCE ON FINANCING
FOR DEVELOPMENT
DOHA, 29-30 APRIL 2008****Summary**

The Economic and Social Commission for Western Asia (ESCWA) convened a consultative meeting in Doha on 29 and 30 April 2008 in order to make preparations with member countries for the Follow-up International Conference on Financing for Development. The aim of the meeting was to evaluate the progress that was made by ESCWA member countries between 2002 and 2007 in implementing the Monterrey Consensus and, in particular, the six leading actions identified by the Consensus, namely, (a) mobilizing domestic financial resources for development; (b) mobilizing international resources for development: foreign direct investment and other private flows; (c) international trade as an engine for development; (d) increasing international financial and technical cooperation for development; (e) external debt; and (f) addressing systemic issues: enhancing the coherence and consistency of the international monetary, financial and trading systems in support of development. A further aim was to give participating countries the opportunity to harmonize their positions on the issues that will be addressed during the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus, which is to be held in Doha from 29 November to 2 December 2008.

At the meeting, a number of recommendations were made, of which the most important focused on the need to increase the participation of developing countries, including ESCWA member countries, in managing the international monetary, financial and trading sector; remove trade barriers between Arab countries and activate the General Agreement on Trade in Services; continue member country efforts to enhance administrative transparency, thereby increasing opportunities to amplify their shares of foreign direct investment and domestic resources for development; encourage efforts aimed at economic diversification, with a view to increasing economic exchanges of goods and services between the Arab countries; improve fiscal management and expand the tax base in member countries; benefit from the earlier experiences of certain developing countries in transferring to financing for development or settling part of their debt to developed countries; and call upon donor countries to increase official development assistance and honour their obligations in that regard.

This report comprises a brief review of the most important issues raised during meeting discussions, and the recommendations made by participants.

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Introduction

1. In cooperation with the United Nations Department of Economic and Social Affairs, the Economic and Social Commission for Western Asia (ESCWA) convened a consultative meeting in order to make preparations with member countries for the Follow-up International Conference on Financing for Development. The meeting, which was held on 29 and 30 April 2008, was hosted by the Ministry of Foreign Affairs of Qatar, Permanent Committee for Organizing Conferences. The aim of the meeting was to evaluate the progress that was made by ESCWA member countries between 2002 and 2007 in implementing the Monterrey Consensus and, in particular, the six leading actions identified by the Consensus concerning financing for development. A further aim was to give participating countries the opportunity to harmonize their positions on the issues that will be addressed during the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus, which is to be held in Doha from 29 November to 2 December 2008.

2. ESCWA thanked Mr. Abdallah Al-Kahtani, Under-Secretary of Economy and Trade of Qatar, for his statement, in which he welcomed participants and thanked ESCWA for organizing the meeting. He discussed the Qatar initiative on international cooperation for development, and wished meeting participants every success and an enjoyable stay in Doha.

I. RECOMMENDATIONS MADE AT THE CONSULTATIVE PREPARATORY MEETING FOR THE FOLLOW-UP INTERNATIONAL CONFERENCE ON FINANCING FOR DEVELOPMENT

3. The outcome of meeting session discussions included the adoption of the final communiqué and a set of general recommendations.

A. DRAFT FINAL COMMUNIQUÉ OF THE CONSULTATIVE PREPARATORY MEETING FOR THE FOLLOW-UP INTERNATIONAL CONFERENCE ON FINANCING FOR DEVELOPMENT TO REVIEW THE IMPLEMENTATION OF THE MONTERREY CONSENSUS DOHA, 30 APRIL 2008

Member countries of the Economic and Social Commission for Western Asia

Referring to the Monterrey Consensus that was issued by the International Conference on Financing for Development which was held in Monterrey, Mexico, from 18 to 22 March 2002,

Referring also to General Assembly resolution 62/187 of 19 December 2007 concerning the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus, in which the Assembly decided to hold the conference in Doha from 29 November to 2 December 2008,

Affirming the importance of following up the progress made in implementing the Monterrey Consensus in the various member countries,

Taking into consideration the intensive consultations that took place between experts and specialists at the Consultative Preparatory Meeting for the Follow-up International Conference on Financing for Development which was held in Doha on 29 and 30 April 2008,

Expressing its support for initiatives aiming to find innovative sources of funding for dealing with such urgent issues as climate change, the food crisis and agricultural produce,

Concerned by the turbulence that has recently hit credit and financial markets, fluctuations in the exchange rates and current accounts of the developed countries and the economic impact that has had on the

global economic situation and on developing countries, including countries members of the Economic and Social Commission for Western Asia (ESCWA), which may be considered an indicator of deficiency in markets and regulatory and oversight mechanisms,

Affirming the need to develop and strengthen financial markets in the countries of the region, in order to assist in mobilizing domestic savings for financing for development and, in particular, increasing transparency and the availability of accurate data,

Aware that the global economy continues to suffer from a number of imbalances, including in respect of the exchange rates of the major currencies, the current accounts of the major industrialized countries, and the rising level of inflation over the past two years, that the instability of the global economic environment impacts directly on the economies of developing countries, including ESCWA member countries, and that inflation has begun to affect the purchasing power of the population, a situation which, if it continues, may lead to political turmoil in many countries, as well as impacting on the purchasing power of national currencies and, as a result, destroy the stability of the local economic environment that member countries have succeeded in building up over the years,

Noting that levels of poverty and unemployment continue to rise in some member countries, impacting negatively on their efforts to implement the Monterrey Consensus and the internationally-agreed development goals, including the Millennium Development Goals (MDGs), and that they have had to resort to using some of the financial resources that were set aside for investment in order to increase funding for poverty-related programmes,

Noting also that, notwithstanding the improved situation of the indebted countries with respect to the burden of foreign debt, debt continues to prevent some countries from investing in development, because debt servicing consumes financial resources that could have been allocated to investment projects,

Noting further that financial markets in member countries continue to suffer from the problems common to developing markets, one of the most serious of which is the influence exerted by a small number of companies over the performance of those markets, in addition to legislative, regulatory and administrative problems, which impact negatively on their ability to mobilize domestic savings. Those countries need technical assistance in enhancing the performance of their financial markets and alleviating the problems that hinder their development,

Taking into consideration that regional integration between member countries continues to be slow despite the important steps towards integration that have been taken by countries members of the Gulf Cooperation Council, including the agreements on the common market and the common currency, and that, notwithstanding the relative success of the declaration establishing the Greater Arab Free Trade Area that was issued in 1997, interregional trade remains low and cooperation in other sectors continues to be slow and in need of new stimulation if it is to make rapid improvement,

Affirming that the role of developing countries, including ESCWA member countries, continues to be marginal in respect of the global financial, monetary and trade sectors, and that while certain member countries are international investors and have helped to stabilize the global monetary system by rescuing many financial institutions, their role in managing that system remains extremely limited,

Affirming also the need for member countries to make an effective contribution to the preparations for and activities of the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus,

Adopt the final communiqué of the Consultative Preparatory Meeting for the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus in the form in which it is set forth in the annex below.

Annex

DECLARATION

One: Mobilizing domestic financial resources for development

- Banks should be encouraged to increase their participation in economic development by increasing the value and quality of the financing made available to the private sector, undertaking the necessary improvements in performance and ensuring that sufficient capital is available;
- Financial markets should be strengthened and developed in order to enable them to play a role in attracting and investing domestic savings, thereby contributing to financing development, and make the necessary changes in the legislation and systems that regulate those markets, including the introduction of new financial tools and the guaranteed compliance with Government rules of the companies involved;
- Securities markets should be restructured with a view to giving the private sector a larger role in owning and managing them;
- An appropriate investment climate should be created in order to repatriate Arab investment abroad back to ESCWA member countries;
- The international community should be requested to increase the scope of financial policies relating to developing countries, including ESCWA member countries, in order to enable those countries to balance domestic policies with international obligations;
- Efforts should continue to increase financial and administrative transparency and optimize the use of domestic resources, and member countries should be called upon to promulgate legislation that promotes such transparency, and to devise a mechanism for and establish special means of following up implementation of that legislation;
- Fiscal burdens on poor persons should be reduced, and means of expanding the tax base should be devised, in order to increase the ability of fiscal departments to reduce waste and tax evasion, thereby increasing Government revenue; a larger proportion of that revenue should be used to improve social development indicators;
- Emphasis should be placed on the importance of education and its role in empowering the individual, eliminating poverty at the family and community levels and achieving wider economic and social development goals, and on the basic responsibility of Governments to finance education and exert maximum endeavours to mobilize resources and make available the public and private funding necessary to develop education systems;
- National capacities in that field should be developed and international support increased;
- The close relationship between creation of an appropriate environment at the national level and of an environment at the international level that supports national efforts should be underlined.

Two: Mobilizing international resources for development: foreign direct investment and other private flows

- An attractive climate for investment, including foreign direct investment (FDI), should be created, and the role of FDI as an external source of financing for development should be increased, particularly in respect of the transfer of modern technology, sophisticated production and management methods, labour force training and the development of investment laws;

- Greater efforts should be made to increase member countries' share of global FDI flows: while in the past three years certain countries have significantly increased their share of such investment, other countries continue to enjoy only low levels of that important development component;
- External resources for the development of infrastructure should be provided by expanding the scope of FDI;
- The problems of youth should be dealt with and increased attention paid to education, health, the management of natural resources and the elimination of poverty, using international funding;
- In order to support both economic development and regional integration, interregional investment should be increased by removing barriers and creating an enabling environment;
- The necessary technical assistance should be provided for small and micro projects in developing countries in general and ESCWA member countries in particular;
- Use should be made of successful regional and international experiences in all fields related to practical aspects of financing for development;
- Donors and international organizations should be urged to support the endeavours of developing countries in general and ESCWA member countries in particular to diversify the sectors towards which investment is directed;
- Infrastructure projects for a system of partnership between the public and private sectors should be increased;
- It should be stressed that investment in human resources is one of the most important elements in development.

Three: International trade as an engine for development

- It should be stressed that it is vital for ESCWA member countries that, through the Doha Development Round, a settlement is reached with respect to trade rules that safeguard the interests of developing and least developed countries;
- A commitment should be made to improve, by cooperating with international organizations, the quality of local products and increase their ability to compete on international markets;
- Developed countries should be requested to open their markets to the produce of developing countries and reduce barriers to trade, particularly in respect of specifications and the mutual recognition of certificates;
- Regional agreements should be activated in the countries of the ESCWA region; in particular, action should be taken to fully implement the declaration establishing the Greater Arab Free Trade Area and activate the General Agreement on Trade in Services (GATS);
- Food supplies to ESCWA member countries that are net importers of such supplies should be guaranteed and the World Trade Organization (WTO) decisions on least developed and net food-importing countries which are included in the Marrakesh Agreement should be activated in respect of developing countries that are net importers of food;
- Support should be given to the removal of tariff and non-tariff restrictions on agricultural exports and to the trade initiative contained in the ministerial declaration that was issued by the sixth WTO Ministerial Session, which was held in Hong Kong, China, from 13 to 18 December 2005;
- The financing tools available in the countries of the region should be used to enhance trade between ESCWA member countries.

Four: Increasing international financial and technical cooperation for development

- The importance should be underlined of technological transfer and encouragement for international cooperation;
- Donor member countries should be thanked for the development assistance that they provide to developing countries, including ESCWA member countries;
- Donor countries should be requested to increase official development assistance (ODA) and honour their commitments in that respect, including the allocation to developing countries of 0.7 per cent of gross national product as ODA. An increased proportion of ODA should take the form of grants or soft loans, and should not be tied to conditions that restrict the ability of beneficiaries to employ that assistance in accordance with their development priorities.

Five: External debt

- Creditors should be called upon to take the measures and initiatives necessary to alleviate the debt burden of developing countries, including ESCWA member countries, as part of the relevant international initiatives: current initiatives have not achieved the results hoped for in respect of assisting developing countries in achieving their development goals, including MDGs, and do not cover lower-middle income countries;
- Any new debt-related initiative should address the issue of debt in a comprehensive and integrated manner, and should take into consideration the lack of democracy in the international economic system.
- Use should be made of the experiences of certain developing countries in converting to financing for development projects part of the external debt owed to donor countries;
- Transparency and accountability should be increased in operations to evaluate risks and development benefits that are carried out by the organizations operating in that field;
- Developed countries should be called upon to make a commitment that resources allocated to debt relief should be additional to, rather than a part of, ODA;
- The developed countries and international organizations which provide technical assistance should be called upon to assist developing countries in improving their debt management.

Six: Addressing systemic issues: enhancing the coherence and consistency of the international monetary, financial and trading systems

- The major industrialized countries should be called upon to devise comprehensive, stable economic policies that will contribute to the stabilization of international economic policy, thereby assisting developing countries in enhancing their development efforts and providing a stable international economic environment;
- The major industrialized countries should also be called upon to strengthen the effective participation of the developing countries in managing the global economy and achieving an equitable and stable international economic system. The participation of developing countries should be increased in the international monetary, financial and trading institutions whose decisions impact on the economies of those countries;
- Developing countries, including ESCWA member countries, should be more involved in the management of the international monetary and financial systems;
- The issue of conditionality and its impact on the policy space that is needed by developing countries in order for them to strike a balance between their international obligations and national priorities should be considered.
- Debt relief provided by developed countries should be additional to, rather than part of, ODA.

- The importance should be stressed of the role of the United Nations in reforming the international monetary and financial systems.

Request the ESCWA secretariat to take the following action:

1. Support member country capacities and provide technical assistance in implementing the six basic measures that were identified by the Monterrey Consensus and, in particular, with respect to the mobilization of domestic savings, the promotion of FDI, the strengthening of international trade as an engine for development, and the enhancement of international monetary and financial cooperation.

2. Cooperation with the relevant regional and international organizations and other United Nations regional commissions in implementing the Monterrey Consensus should be strengthened in order to support the position of the developing countries and, in particular, ESCWA member countries, on the formulation of international trade rules; and coordination with the Group of 77 and China should be increased with a view to identifying positions and putting forward proposals on future dealings with the issue. Consideration should be given to the establishment of an intergovernmental committee on financing for development, and it should be proposed that a further international follow-up conference on financing for development is convened in five years time. Other proposals should be put forward in order to ensure that the issue is kept at the forefront of international concern.

3. The least developed countries (LDCs) and the countries that suffer from conflict in the ESCWA region should be supported through the Integrated Framework for Trade-Related Technical Assistance, and guarantees should be provided in order to improve the investment climate.

4. Support should be provided for the institutional capacity-building of member countries and, in particular, in the field of FDI, double-taxation agreements, international arbitration of investment and bilateral investment agreements.

5. Member countries should be provided with technical support in the fields of FDI policy, transport and trade facilitation and cooperation at the regional level.

6. Member countries should be provided with assistance in fully implementing the Monterrey Consensus, in order to reach a unified stand on the critical issues, foremost among which are those of innovative sources of financing, increased development funding for the advancement of women, climate change, rising food prices and the instability of the international financial markets.

7. A report should be submitted to ESCWA at its twenty-sixth session on the progress that has been made in that regard.

8. The necessary steps should be taken to increase the participation of non-governmental organizations, civil society and the private sector in the review process and the Conference itself, in order to give a voice to the hopes and aspirations of the peoples of member countries.

B. OTHER RECOMMENDATIONS

4. Participants made the following recommendations:

(a) Regional integration should be enhanced in all fields and, in particular, trade and investment, in order to support member country development efforts;

(b) The participation of developing countries, including ESCWA member countries, in managing the international monetary, financial and trading sector should be increased;

(c) Trade barriers between Arab countries should be removed and GATS should be activated;

(d) Member country efforts to enhance administrative transparency should be continued, thereby increasing opportunities to amplify their FDI shares and domestic resources for development;

(e) Efforts aimed at economic diversification should be encouraged, with a view to increasing exchanges of goods and services between the Arab countries;

(f) Fiscal management should be improved and the tax base in member countries expanded in order to enhance the flow of domestic resources for development;

(g) The earlier experiences of certain developing countries in transferring to financing for development projects or settling part of their debt to developed countries should be built upon;

(h) Donor countries should be called upon to increase ODA and honour their obligations in that regard, including the commitment to increase ODA to 0.7 per cent of their gross domestic product (GDP).

II. DISCUSSION TOPICS

A. PROGRESS MADE SINCE THE MONTERREY CONFERENCE

5. Mr. Hazem Fahmy, Chief, Multistakeholder and General Support Unit, Financing for Development Office, United Nations Department of Economic and Social Affairs, presented a review of the global progress that has been made in respect of financing for development since the Monterrey Conference and in implementing the six leading actions identified by the Consensus. He addressed the main issues that currently obstruct development in the developing countries, including increased internal debt, the global rise in food prices, inadequate formulation of economic policies and lack of capacity to create employment opportunities.

6. The ESCWA Financing for Development Team Leader, Mr. Abulgasim Abdullah, presented a review of the progress that has been made by ESCWA member countries in implementing the Monterrey Consensus and the most significant achievements in respect of the leading actions. With respect to mobilizing domestic financial resources for development, great improvement has been made in the past decade in pursuing effective economic policies, while with regard to mobilizing international resources for development, most progress was made in increasing member country shares of FDI from \$2.6 billion in 2002 to \$49 billion in 2006. As for international trade as an engine for development, member country foreign trade volume has increased from \$314 billion in 2002 to \$834 billion in 2006. However, exports remained largely oil-related. Concerning external debt, indebted member countries have made exceptional strides in reducing that burden through debt forgiveness, rescheduling and transforming debt into investment; however, the volume of internal debt in those countries has increased. With respect to international financial and technical cooperation, donor member countries have provided soft assistance to a large number of developing countries, including ESCWA member countries, and such assistance has played a part in enhancing South-South cooperation and Arab regional integration. Regarding enhancing the coherence and consistency of the international monetary, financial and trading systems, it remains essential for the developing countries to participate in the economic decision-making process and formulation of standards at the international level.

7. During discussions, participants focused on the need to enhance Arab regional integration. Countries that form part of an economic bloc have greater competitive and negotiating capacities. A further need is for Arab solidarity and the exchange of expertise in various economic fields. Participants commended member country efforts to repatriate some of the Arab capital invested abroad.

B. MOBILIZING DOMESTIC RESOURCES

8. Mr. Mushtaq Khan, Professor of Economics at the University of London, affirmed the close relationship between the mobilization of domestic resources and productivity, both of which depend upon institutional efficiency. Notwithstanding the importance of good governance and its impact on mobilizing domestic resources, Governments should work with banks and the investment sector in creating modern financing tools to meet the material needs of the inherently risky investment sectors. At the same time, good

governance should be linked to specific goals at the national level, noting that ambitious programmes to achieve good governance usually take a long time to have any positive impact.

9. Ms. Rima Turk Arris, Professor of Financing at the Lebanese American University, reviewed the role of taxes in mobilizing domestic resources for development, saying that fiscal revenue in member countries was low because oversight and inspection tools were ineffectual. Value-added tax is one of the most important sources of Government revenue, assists in lowering collection costs and curbs tax evasion, thereby raising tax revenues. It was important to lower commercial taxes in member countries and devise an effective mechanism for tax collection, in order to raise levels of tax collection.

10. Mr. Fawzi Behzad, consultant at the Securities and Commodities Authority of the United Arab Emirates, presented a review of developments and achievements in the financial markets of Gulf Cooperation Council (GCC) countries, the measures that had been taken by those markets to regulate securities trading and protect the rights of investors, and the contribution made by stock exchanges to privatization in some GCC countries. Despite the enormous increase in the size and performance of those stock exchanges, the restructuring of the Gulf economy had not been successful. Lessons should be learned from the experiences of the Hong Kong and Malaysian stock exchanges, both of which had been public companies before becoming private holding companies.

11. Discussion participants affirmed the need for continued reform of the banking systems in member countries, in order to enable that sector to provide long-term financing for development, because the stock markets continued to suffer from lack of size, depth and openness, high operating costs and variable performance.

C. MOBILIZING INTERNATIONAL RESOURCES FOR DEVELOPMENT

12. Mr. Riad Meddeb, United Nations Conference on Trade and Development, Division on Investment and Enterprise, reviewed FDI movement in member countries. The share of the ESCWA region in those flows had increased from 0.5 per cent in 2001 to 3.7 per cent in 2006 as a result of investment revenue in the ESCWA region, that had increased in contrast to that in similar developing countries and the rest of the world. France, Germany, the United Kingdom of Great Britain and Northern Ireland and the United States of America are the most prominent sources of FDI in the region. Egypt, Saudi Arabia and the United Arab Emirates continue to attract 75 per cent of all FDI in the region. The GCC countries are currently attempting to diversify their economies by attracting FDI to industrial and free zones, developing investment laws and facilitating FDI-related procedures.

13. Ms. Mona Abu Elkheir, advisor to the General Authority for Investment and Free Zones of Egypt, spoke about the operating climate and general policies for attracting FDI. She explained the changes that had taken place with a view to creating a more favourable investment climate in Egypt, and the programmes that have been implemented in the past four years including, inter alia, privatization programmes, FDI agreements, general guidelines and establishment of operation rules. Private investment is steadily increasing and currently represents 68 per cent of all investment in Egypt, while the FDI:GDP ratio increased from 1 per cent in 2002 to 8.5 per cent in 2006. She discussed international indicators in support of the investment climate, the relevant international reports and the rank of each member country on the basis of those indicators.

14. Ms. Nada Al-Hashmi, Director of the Investment Department of the Ministry of Economy of the United Arab Emirates, reviewed developments in the economy of that country since the Monterrey Conference, focusing on the ODA provided by the United Arab Emirates to developing countries in the form of loans, grants and aid in support of their efforts to achieve economic and social development. Such assistance constituted 2 per cent of GDP. She commended the action taken by the country to increase capacity to attract investment and, in particular, investment with a comparative advantage. Estimates indicate that the volume of FDI in 2007 is expected to exceed \$20 billion, while data show that foreign trade constitutes a high percentage the GDP of the United Arab Emirates. The trade balance in 2007 was \$146 billion in credit.

D. TRADE AS AN ENGINE FOR DEVELOPMENT

15. Mr. Adel Khalil, advisor with the Council of Arab Economic Unity, reviewed the status of Arab trade, comparing the principal characteristics of trade in the Arab and ESCWA member countries with those in the rest of the world. He addressed the factors that affect Arab exports and imports and the commodity structure of Arab trade, as well as the geographical distribution of that trade. He also covered the most important aspects of Arab interregional trade, the current nutritional gap in the Arab world, the obstacles to Arab economic integration and the role of the Council in supporting such integration. He concluded his intervention by putting forward a vision of ways in which progress can be made in the field of Arab economic cooperation.

16. Mr. Ahmed El-Kawaz, a senior economist with the Arab Planning Institute, discussed various economic indicators relating to Arab trade, the extent to which the economies of Arab countries are integrated with the global economy and the impact of the Greater Arab Free Trade Agreement on the exports of Arab countries. As a result of that Agreement, there were three economic blocs, namely, the Arab Maghreb, the Arab Mashreq and the GCC countries. Arab countries enjoyed a comparative advantage with respect to the production and export of four main commodities, including oil and fertilizers.

17. Mr. Mehdi Al-Abduwani, General Manager for Development Planning in the Ministry of National Economy of Oman, explained the position of his Government with respect to follow-up of implementation of the recommendations made at the Monterrey Conference, to which it attached great importance. Further linkage of the Omani economy with the global economy was considered one strategy for diversifying the national economy. FDI constituted some 27 per cent of all investment, while national financial policy was aimed at keeping public debt within safe limits and using some oil revenue to service that debt.

18. Ms. Mona Al Barghuthy, Director of the Data and Reports Department of the General Directorate for Aid Management and Coordination of the Ministry of Planning of Palestine, described the financial assistance provided to the Palestinian National Authority and the obstacles to making further use of assistance, foremost among which were political obstacles. Any assistance was subject to political factors, which were irrelevant to the true needs of the Palestinian economy, and the restrictions imposed by the Israeli occupation on the movement of the population within the Palestinian territories weakened the positive impact of economic development programmes.

19. Mr. Fadlala Garzaldeen, Director General of the Macroeconomics Department at the State Planning Commission of the Syrian Arab Republic, said that there had been noticeable improvement in tax revenue, reduced dependence on oil revenue and reduced levels of external debt: debt servicing constituted no more than 6 per cent of export values. Banking and commercial reforms had been instituted during the period between 2000 and 2006.

20. During discussions, participants focused on the weakness of Arab interregional trade: despite the fact that a large number of agreements between Arab countries had been concluded, the real outcomes were negligible in view of the lack and poor legal status of mechanisms for following up their implementation, which was exacerbated by weakness in commercial infrastructure, particularly in the field of transport.

E. DEBT AND DEBT MANAGEMENT

21. Mr. Salah Abusdra, Head of the Economics Department of the Lebanese American University, presented a detailed review of external debt in certain ESCWA member countries. Those countries continued to be burdened by debt, notwithstanding the reform efforts exerted by their Governments. He believed that member countries should continue to privatize State companies and use the proceeds to reduce external debt. They should also take action to create a favourable investment climate, in order to reduce dependence on foreign loans, and study the establishment of a joint institution for indebted countries that would evaluate external debt and devise a long-term plan to reduce it.

22. Ms. Amal Chbaro, Head of the Public Debt Bureau of the Ministry of Finance of Lebanon, provided a detailed description of the status of domestic debt in ESCWA member countries, explaining that the ratio of such debt to GDP was declining in the oil-exporting countries while it was increasing in such oil-importing countries as Jordan and Lebanon. She believed that the growth of domestic public debt should not exceed the GDP growth average, and that it was essential to devise a clear strategy for the management of domestic debt.

23. During the discussions, Ms. Nadia Fathallah, Director for Western Europe of the Ministry of International Cooperation of Egypt, detailed the various means employed in Egypt to exchange or settle part of the external debt owed to a number of donor countries and use it to finance development projects.

F. INTERNATIONAL FINANCIAL AND TECHNICAL COOPERATION FOR DEVELOPMENT

24. Mr. Talaat Abdel-Malek, Executive Director of the Centre for Project Evaluation and Macroeconomic Analysis of the Ministry of International Cooperation of Egypt and World Bank consultant, said that ESCWA member countries had benefited for the past 30 years from ODA, which had helped to raise levels of economic growth and health in those countries. At the same time, ESCWA member countries faced many challenges, of which the most important were youth unemployment and the technology gap. He stressed the need for human resources and effective institutions at various levels, and for capacity-building in managing ODA, in order to maximize the potential of that assistance.

25. Mr. Mans Mokobadi, of the Qatar Development Bank, Studies, Advisory Services and Promotion Department, made a presentation on the Bank's financing for development projects and operations in various economic sectors in Qatar, as well as its financing for small- and medium-sized enterprises and promotion of FDI. He explained the terms of reference and priorities that define the work of the Bank, and the financing tools available for its use.

26. Mr. Mohamed Abdulla Al-Salem, of the Islamic Development Bank, Operations and Projects Department, described the Bank's experience of financing for development. Over the past 33 years, the Bank had financed some 5,591 projects worth \$52 billion. He described the various mechanisms used by the Bank in financing projects and the sectoral distribution of projects and technical assistance, as well as the funds and entities pertaining to the Bank. He gave details of the soft financing programme operated by the Bank in favour of the least developed countries, and the Bank's contribution to the Debt Relief Initiative.

27. Mr. Khaled Al-Khaled, economic consultant to the Kuwait Fund for Arab Economic Development, and Mr. Mohamed Al-Hadidi, an engineering consultant with the Fund, described the endeavours exerted by the Fund throughout its history in respect of financing for development in developing countries. They reviewed the development projects that had been financed by the Fund and, in particular, the assistance provided to small- and medium-sized investors with a view to helping bridge the poverty gap in the countries of the region.

G. ENHANCING THE COHERENCE AND CONSISTENCY OF THE INTERNATIONAL MONETARY, FINANCIAL AND TRADING SYSTEMS

28. Mr. Aldo Caliarì, Director of the Center of Concern in Washington D.C., gave a presentation in which he explained the need to devise an integrated method of financing development that included all international systems related to the monetary, financial and trading sectors. That method could be put in place and implemented through the United Nations, because of its particularities and its essential difference from other international organizations. The mechanisms that have been used to date in order to follow up implementation of the Monterrey Consensus have not been effective. Mr. Caliarì proposed a number of alternatives, including the establishment of a financing for development committee and the upgrading of the current mechanisms.

29. Mr. Khaled Derbesti, Director of the Economic and Commercial Promotion Department of the Ministry of Economy and Trade of Qatar, detailed economic opportunities and challenges in the GCC

countries. The former were available in the energy and real estate sectors and in promoting the knowledge economy. He stressed the need for those countries to form strategic alliances in order to protect their foreign investments, and to increase economic diversification and reduce dependence on oil and gas.

30. Ms. Mahy Abdellatif, Assistant Deputy Minister for Foreign Affairs of Egypt, described the progress made by her country in the field of financing for development since the Monterrey Conference. She covered the steps that had been taken by the Government with a view to enhancing good governance in the business sector and updating financing tools for small- and medium-sized enterprises. She also detailed the economic reforms that were being effected in order to attract FDI, which included monetary reform, asset management and the simplification of procedures for the entry into the market of new projects, and the steps taken with a view to promoting exports and integrating the economy into the global economy.

31. Ms. Rafif Berro, advisor to the Ministry of Economy and Trade of Lebanon, made a presentation on financing for development in Lebanon, the challenges to which the economy had been subjected since 2005 and the impact on the Lebanese economy of the negative changes in global markets, including the increased price of oil and foodstuffs. The Government has taken measures to improve the business climate, develop the money markets and update administrative procedures relating to external trade, in addition to a programme to support infrastructure and privatization.

32. Mr. Mohamad Al-Hamouri, Director of Public Revenue at the Ministry of Finance of Jordan, addressed financing for development in Jordan. Between 2002 and 2006, FDI had increased from 53 million Jordanian dinars (JD) to JD 1,917 million. He explained the role of the financial sector in the Jordanian economy, the steps that had been taken with a view to developing that sector and the fiscal system and the agreements that had been concluded in respect of external debt management. He concluded by referring to current challenges and issues in his country, of which the most serious is the scarcity of primary resources and, in particular, energy, as well as the large number of involuntary migrants, who place basic services under severe strain.

33. Participants agreed that, in the light of globalization and the close link between the economies of developing and developed countries, the economic decisions taken by the latter, including on the protection of agricultural exports, have a direct impact on the economies of the former in respect of, inter alia, interest and foreign exchange rates. Participants requested the advanced industrialized countries to adopt a stable economic policy that would help to stabilize the international economy, and to take action to increase the effective participation of developing countries in the management of that economy and in the work of the international financial, monetary and trade institutions, the decisions of which affect the economies of every country.

III. ORGANIZATION OF WORK

A. DATE AND VENUE OF THE MEETING

34. The Consultative Preparatory Meeting for the Follow-up International Conference on Financing for Development was held in Doha on 29 and 30 April 2008. The Meeting comprised five sessions, of which the second, third and fourth were divided into two discussion groups.

B. OPENING

35. At the beginning of the inaugural session, participants were welcomed and thanked for attending by Mr. Khaled Hussein, first economic affairs officer with the ESCWA Economic Development and Globalization Division Financing for Development Team.

36. Mr. Badr Omar AlDafa, Under-Secretary-General of the United Nations and ESCWA Executive Secretary, made a statement in which he welcomed participants and expressed thanks to the Under-Secretary of Economy and Trade of Qatar for sponsoring the Meeting and attending the inaugural session. Mr. AlDafa

referred to the achievements realized by ESCWA member countries in implementing the Monterrey Consensus and the obstacles and problems that those countries continue to face in respect of financing for development, and the challenges created by globalization in addition to the opportunities it affords for entry to new markets. He affirmed the need to leave the Meeting with a strategy that member countries could present to the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus, which is to be held in Doha from 29 November to 2 December 2008, and for those countries to make an effective contribution to that Conference. In conclusion, he reminded participants of the need to agree on a declaration that would identify the goals that member countries would attempt to achieve and the financing for development priorities on which they would focus in the years ahead.

37. Mr. Abdallah Al-Kahtani, Under-Secretary of the Ministry of Economy and Trade of Qatar, made the inaugural statement, in which he welcomed participants to Doha and thanked ESCWA for organizing the meeting. He said that ESCWA member countries were endeavouring to expand markets by establishing free zones at both the Arab and bilateral levels and with such regional economic blocs as the European Community. Most member countries had been able to satisfy requirements for membership of the World Trade Organization. He called upon ESCWA member countries to adopt comprehensive national strategies for achieving the Millennium Development Goals by 2015 and expanding opportunities for South-South cooperation. He described the achievements that had been realized by Qatar and the steps the country had taken in order to support development efforts at the international level and achieve cooperation and coherence in the global economic system. Mr. Al-Kahtani noted the importance of the declaration that would be expected at the end of the Meeting with respect to the Follow-up International Conference on Financing for Development, which is to be held in Doha at the end of 2008.

38. Mr. Maged Abdelaziz, Permanent Representative of Egypt to the United Nations, made a statement in which he thanked ESCWA for organizing the Meeting and Doha for its generous sponsorship. He underlined the importance of the Meeting in relation to studying what member countries had implemented with regard to the six leading actions of the Monterrey Consensus and the declaration that would be issued, which would be submitted for adoption to the twenty-fifth ESCWA session.

C. PARTICIPANTS

39. Taking part in the Meeting were representatives of the following 11 ESCWA member countries: Bahrain, Egypt, Jordan, Kuwait, Lebanon, Oman, Palestine, Qatar, the Syrian Arab Republic, the United Arab Emirates and Yemen.

40. Also in attendance were experts from the United Nations Department of Economic and Social Affairs and the United Nations Conference on Trade and Development, representatives of the Kuwait Fund for Arab Economic Development, the Islamic Development Bank, the Qatar Development Bank, the Saudi Fund for Development, and the Federation of GCC Chambers, and international experts and academicians specialized in financing for development-related issues. Annex I comprises the list of participants.

Annex*

LIST OF PARTICIPANTS

Jordan

Mr. Mohammad Hamouri
Director of Public Revenue
Ministry of Finance
Tel.: 0096264619537
Mobile: 00962795679070
Fax: 0096264618528
E-mail: Mohammad.h@mof.gov.jo

Ms. Nada Ayed Wer
Aid Coordination Officer
International Cooperation Department
Ministry of Planning and International
Cooperation
Tel.: 0096264644466 Ext: 306
Fax: 0096264649341
E-mail: nada.w.@mop.gov.jo

Mr. Ghaleb Tukan
Head of Policies & Research Directorate
Jordan Investment Board
Tel.: 0096265608400/15
Mobile: 00962796442525
Fax: 0096265608421
E-mail: gtukan@jib.com.jo
Website: www.jordaninvestment.com

United Arab Emirates

Ms. Nada Youssef Abu Bakr Mohammad
Al-Hashimi
Director
Investment Directorate
Ministry of Economy
Tel.: 0097126267477
Mobile: 00971506117030
Fax: 0097126263422
E-mail: nada@Economy.ae

Mr. Badriah Al-Zadjali
Economy Researcher
Investment Directorate
Ministry of Economy
Mobile: 00971502272206
Fax: 0097126263422

Bahrain

Mr. Salah A. Al-Malki
First Secretary
International Organizations Directorate
(UN Affairs)
Ministry of Foreign Affairs
Tel.: 0097317200994
Mobile: 0097336627171
Fax: 0097317224006
E-mail: salmaki@mofa.gov.bh
Almalki001@hotmail.com
Website: www.mofa.gov.bh

Syrian Arab Republic

Mr. Fadlala Garzaldeen
General Director
State of Planning Commission
Tel.: 00963115161051
Mobile: 00963944961587
Fax: 00963115161051
E-mail: fadlalagarz@hotmail.com

Oman

Mr. Mehdi Al-Abduwani
Director General of Development Planning
Ministry of National Economy
Tel.: 0096824698910
Fax: 0096824698477
E-mail: mabduwani@gmail.com

Palestine

Ms. Mona Abdel Hafiz Dawoud Bargooti
Manager of the Data and Reporting
Department-AMC
Ministry of Planning
Ramallah, Palestine
Mobile: 00972598107160
E-mail: Christine_mona@yahoo.com
mona@mop.gov.ps

* Issued as submitted.

Qatar

Mr. Rashid Abdul Rahman Al-Ansari
Head of Public Relations & Information Unit
Ministry of Economy and Commerce
Tel.: 009744945122
Mobile: 009745527747
Fax: 009744932008
E-mail: ransari@mec.gov.qa

Mr. Khaled Yousef Alderbesti
Director
Economic and Commercial Promotion
Department
Ministry of Economy and Trade
Tel.: 009744945401
Fax: 009744933054
E-mail: kderbesti@mec.gov.qa
Website: www.investinqatar.com.qa

Mr. Saleh Youssel Al-Malla
Head of Statistics and Follow-up
General Revenues and Taxes Directorate
Ministry of Finance
Tel.: 4332833
Fax: 4435370
E-mail: salalla@mof.gov.qa

Mr. Mohammad Hamed Al-Malla
Economic Affairs Officer
Ministry of Economy and Trade
Mobile: 009745524067
E-mail: m215029861@yahoo.com

Mr. Adel Ali Al-Khal
Director
International Organizations and Conferences
Directorate
Ministry of Foreign Affairs
Mobile: 5565356

Ms. Fatima Mohammad Al-Soueidi
Professor
Qatar University
Tel.: 5529034
E-mail: fmohammedqu@edu.qa

Mr. Rakan Mohammad Jaber Jazzab
Second Secretary
International Organizations and Agreements
Directorate
Ministry of Foreign Affairs
Tel.: 4334334
Mobile: 5837777

Mr. Faisal Sultan Al-Mezel
Researcher in International Affairs
Ministry of Finance

Mr. Hamdi Mohammad Osman
Programmes Organizer
Ministry of Interior
Tel.: 5724086

Mr. Abdalla Khalid Adballa
Advisor
Mission of the State of Qatar to the United
Nations in New York
Tel.: 0012124869335
Fax: 0012127584952
E-mail: Abdullak@Qatarmission.org

Mr. Mohammed Al-Kuwari
Diplomat
Mission of the State of Qatar to the United
Nations in New York
Mobile: 001917579004

Kuwait

Mr. Hamad Al-Monawer
Assistant Secretary-General For Planning and
Future Outlook
Higher Council for Planning and Development
Tel.: 009652430461
Mobile: 009659664452
E-mail: hamadmhm@hotmail.com

Mr. Meshal Al-Ardhi
Controller International Organizations
International Economic Cooperation Department
Tel.: 2482385-2457618
Fax: 2417586
E-mail: mardhi@mof.gov.kw

Ms. Sarah Yacoub Al-Jassmi
Economic Analyst Assistant
Ministry of Finance
Mobile: 786772
E-mail: saras-85@hotmail.com

Lebanon

Mr. Moustafa Mounir Hamdan
Director of Economic Affairs
Ministry of Foreign Affairs and Immigrants
Mobile: 03929319
E-mail: moustafahamdan@hotmail.com

Lebanon (continued)

Ms. Amal Shebaro
Head of the Public Debt Department
Ministry of Finance
Tel.: 642769
Mobile: 03490667
Fax: 642769
E-mail: shebaroamaly@hotmail.com
Amals@finance.gov.lb
Website: www.finance.gov.lb

Ms. Rafif Kobeissi Berro
Advisor to the Minister Director
Trade Information Center
Ministry of Economy and Trade
Tel.: 009611982383
Mobile: 009613159086
Fax: 009611982291
E-mail: rberro@economy.gov.lb
rafifkobeissi@hotmail.com
Website: www.economy.gov.lb

Egypt

Ms. Mahy Hassan Abdel-latif
Deputy Assistant Minister for International
Cooperation
Tel.: 0020225749854
Fax: 0020225749622
E-mail: mahyhassan@hotmail.com

Mr. Nadia Fathalla
General Director
Ministry of International Cooperation
Tel.: 23916791
Fax: 23910344
E-mail: Nadia_fa_mic@yahoo.com

Ms. Mona Aboul-Kheir
Advisor to the Vice Chairman
General Authority for Investment and Free Zones
Tel.: 0020224055673
Mobile: 0020123114260
Fax: 0020224055429
E-mail: mkheir@gafinet.org

Mr. Abdel Aziz Daoud
Embassador of Egypt in Doha

Mr. Ihab Abdelhamid
First Secretary
Embassy of Egypt in Qatar
Tel.: 4832115-4832555
Mobile: 5181822
E-mail: ihabito@hotmail.com

Yemen

Mr. Galal Mohamed Moula
Director General, International & Regional
Organizations Department
Ministry of Planning & International Cooperation
Tel.: 009671250630
Mobile: 00967711809900
Fax: 009671250630
E-mail: galal_moula3@yahoo.com

Islamic Development Bank

Mr. Muhammad Abdullah Ould Moctar Salem
Operations & Projects Department
Tel.: 009662646617
E-mail: ALSALIM@isdb.org.sa

Qatar Development Bank

Sheikh Hamad Nasser Al-Thani
General Manager
Tel.: 009744421600
009744355008
Fax: 009744317730
E-mail: sheikh@qdb.org.qa
Website: www.qdb.com.qa

Mr. Faisal Al-Mana
Manager
Department of Studies
Advisory Services & Promotion
Tel.: 009744421600 Ext: 246
Fax: 00974435009
E-mail: falmana@qdb.org.qa
Website: www.qdb.com.qa

Mr. Manas Mukhopadhyay
Project Development and Finance Specialist
Tel.: 009744421600 Ext: 254
E-mail: manas@qdb.org.qa
Website: www.qdb.com.qa

Kuwait Fund For Arab Economic Development

Mr. Khaled Khaled
Economist
Tel.: 009652999000
Direct: 009652999159
Fax: 009652999192
E-mail: ALKHALEDK@kuwait-Fund.org

Kuwait Fund For Arab Economic Development
(continued)

Mr. Mohammas S.Y.Al-Hadidi
Engineering Advisor
Tel.: 009652999000 Ext: 9184
Mobile: 009659609079
Fax: 009652999192
E-mail: alhadidi@kuwait-fund.org

The Saudi Fund For Development

Mr. Ibrahim S. Al-Rabah
Senior Economist
Tel.: 0096612794047
Fax: 0096614647450
E-mail: ibalrabah@sfd.gov.sa

Mr. Abdel Aziz Aba El-Kheil
Economist

Council of Arab Economic Unity (CAEU)

Mr. Adel Khalil
Expert-WTO Affairs
Cairo, Egypt
Tel.: 002037482372
Mobile: 0020105216413
Fax: 0020233380765
E-mail: adelmikhail@yahoo.com

International Organizations

Mr. Majed A. Abdelaziz
The Permanent Representative of Egypt to the
United Nations
Tel.: 0012125030300

Department of Economic and Social Affairs
(DESA)

Mr. Alexandre Trepelkov
Chief, Multistakeholder Engagement and
Outreach Branch
Financing for Development Office
E-mail: trepelkov@un.org
Website: www.un.org/esa/ffd

Mr. Hazen Fahmy
Chief, Multistakeholder Unit
Tel.: 0012129635900
Mobile: 0012019364110
Fax: 0012129630443
E-mail: Fahmyh@un.org
Website: www.un.org/esa/ffd

Mr. Daniel Platz
Economic Affairs Officer
Tel.: 0012129633664
Mobile: 0016465414334
Fax: 0012129630443
E-mail: platz@un.org
Website: www.un.org/esa/ffd

United Nations Conference on Trade and
Development (UNCTAD)

Mr. Riad Meddeb
Regional Coordinator
Geneva, Switzerland
Tel.: 0041229174605
Fax: 0041229170197
E-mail: riad.meddeb@unctad.org

Consultants and Experts

Ms. Rima Turk Ariss
Assistant Professor of Finance
Lebanese American University
Beirut, Lebanon
Tel.: 009611786456 Ext: 1644
Mobile: 009613822299
E-mail: rima.turk@lau.edu.lb

Mr. Salaheddin Abosedra
Chair, School of Business
Department of Economics
Lebanese American University
Tel.: 009611786456
Mobile: 009613058296
E-mail: salaheddin.abosedra@lau.edu.lb

Mr. Mushtaq H. Khan
Professor
Department of Economics
University of London
Tel.: 00442078984546
Home: 00442073738070
Fax: 00442078984759
E-mail: mk17@soas.ac.uk
Website: <http://mercury.soas.ac.uk>

Mr. Fawzi Behzad
Capital Markets Advisor
Securities & Commodities Authority
Abu Dhabi, United Arab Emirates
Tel.: 009712627888
Direct: 0097126120220
Fax: 0097126274600
E-mail: fawzi@sca.ae
Website: www.sca.ae

Consultants and Experts (continued)

Mr. Talaat Abdel-Malek
Executive Director and Economic Advisor to the
Minister
Center for Project Evaluation and
Macroeconomic Analysis (PEMA)
Cairo, Egypt
Tel.: 0020227923791
0020227948565
Fax: 0020227945722
E-mail: malek@pema.gov.eg
Website: www.pema.gov.eg

Mr. Aldo Caliori
Director
Rethinking Bretton Woods Project
Center of Concern
Washington D.C. USA
Tel.: 0012026352757 Ext: 123
Fax: 002028329494
E-mail: acaliari@coc.org
Website: www.coc.org
www.educationforjustice.org

Press

Mr. Mohammad Ahmad Afzaz
Economics Editor
Al-Arab Newspaper
Doha, Qatar
Tel.: 4997341
Fax: 4997417
E-mail: m.afzaz@alarab.com.qa
www.alarab.com.qa

Mr. Mohammad Al-Rifai
Journalist
Maghreb Arabe Presse
Doha, Qatar
Tel.: 009745360219
Webmail: srifai9@yahoo.fr

Mr Abdel Kader Mohammad Moussa
Journalist
Qatar Press Agency
Doha, Qatar
Tel.: 44500213
Mobile: 5665432
Fax: 4427752

Mr. Babu Rajan
Kailari TV
Doha, Qatar
Tel.: 5532367
E-mail: pubaburajan@qatar.net.qa

Mr. Ezzat Abdel Mounem
Journalist
Al-Raya Newspaper
Doha, Qatar
Mobile: 5880224
E-mail: Ezzat_Raya@yahoo.com

Mr. Hassan Ali Osseiry
Camera Man
Tel.: 5162223
Doha, Qatar
