

11 November 2003

**Statement of H.E. Mr. Julian Robert Hunte,
President of the 58th Session of the General Assembly,
at the High-level Dialogue on Financing for Development to the
Second Committee**

Thank you Mr. Chairman. Distinguished delegates:

Given the critical importance of the issues addressed in the 29-30 October 2003 High-level Dialogue on Financing for Development, I have decided, with the co-operation of your Chair, Ambassador Iftekhar Chowdhury, to personally deliver to this Second Committee the summary of the policy dialogue which I have been mandated by General Assembly resolution 57/250 to issue.

By all accounts, the Report of the Secretary-General (A/58/216) provided a reasoned and useful assessment of the status of implementation of the Monterrey Consensus, since its adoption by Heads of State and Government at the International Conference on Financing for Development, held in Monterrey Mexico in March 2002. As such, it formed a good basis for the discussions of the High-level Dialogue.

Recommendations from the Report were cited in the course of discussion. Together with other proposals made, these recommendations will help to prepare us to move forward in the implementation process. The work done by the Secretary-General and his staff, particularly officers of the Financing for Development Office, to produce the report and to otherwise support efforts in the financing for development area is much appreciated.

It is important, in presenting this summary, to recognise the significant and continuing support for the Monterrey process, as a unique framework for international financing for development initiatives. This was evident not only from the high level and numbers of participants in the Dialogue, but also from their substantial input into the discussion.

Virtually all member states participated in the Dialogue, many at ministerial level. Agencies and organs of the United Nations system, 35 intergovernmental organisations and some 50 civil society stakeholders from the business sector, academia and non-governmental organisations also participated. For the first time, the President of the World Bank and the Managing Director of the International Monetary Fund addressed the General Assembly in Plenary session, to comment on the approach of their agencies to the issues at hand. The Deputy-Director of the World Trade Organisation and representatives of regional entities also took this approach in their addresses to the Plenary.

Frank and open dialogue characterised the High-level Dialogue, as well as the day of Hearings on Financing for Development of civil society and the business sector, held on 28 October 2003. These Hearings form an integral part of the Dialogue. The status of implementation of the Monterrey Consensus itself was, of course, at the core of the Dialogue's discussions.

Regarding implementation of the Consensus, it was recognised that some progress had been made, and this was welcomed. It was pointed out, however that there had been slippage in some areas. Notably, there had been disappointing developments in international trade and financial transfers. The view was expressed that both developed and developing countries ought to report on actions they had taken to implement the Monterrey Consensus, for a clearer picture on the state of play in realising the goals and objectives of Monterrey.

It was emphasised that more was required to implement the agreements and commitments made at Monterrey. There was not dissent from this position. There was notable support for the establishment of a more precise mechanism for monitoring implementation of the Monterrey Consensus, as well as Goal 8 of the Millennium Development Goals (MDGs).

A comprehensive summary of the deliberations of the High-level Dialogue has been circulated to you in the room. The summary, which reviews the principal issues raised in the dialogue, should be read together with the summaries of the eight round tables convened on 29 October 2003, which are annexed. I wish now to highlight salient issues raised in the comprehensive summary.

Regarding economic and social development, many developing countries and countries with economies in transition emphasised that this was their primary responsibility. Domestic resource mobilization for financing development was considered to be essential to the development process. Notwithstanding, there was broad agreement that developing countries and countries in transition needed international support to underpin their domestic efforts to mobilise financial resources for development, and importantly, to implement the Monterrey Consensus and the MDGs.

Coherent economic and social development was considered to be critical, as was the need to safeguard social expenditure in priority areas such as health and education, and for poverty reduction, rural and infrastructural development. The reality for most low-income and some middle-income countries, however, was that resources for such expenditures was seriously lacking. In land-locked developing countries and Small Island Developing States, the problem was particularly severe.

The promotion of technology, skills transfer and investment was considered to be a meaningful way in which the industrialised countries could contribute to private sector development in developing countries. Private financial flows were highlighted as an important source of funding for action in these areas, and for economic growth and poverty reduction in developing countries. There was support for exploring ways and means for fostering greater financial flows. It was also considered that the development of a sound and diverse financial sector would be critical, and that such a sector should facilitate access for SMEs, micro enterprises, women and the poor.

The international financial institutions were seen as having an important role to play in promoting foreign private investment flows. A number of government representatives expressed the view that the international financial institutions should increase support for the development of necessary infrastructure, including in information and communication technology sectors, to help countries better position themselves to attract foreign direct investment.

Government and private sector representatives alike commented on tools that might be used for improving information flows concerning investment opportunities in developing countries. Support was expressed for several pilot projects by the business sector, including a global clearinghouse of information on developing countries that would facilitate access to information by investors, and that might bridge the information gap and enhance investor confidence.

Better policy coordination among the major industrialized countries was considered to be essential for eliminating the macroeconomic imbalances that caused volatility in exchange rates and international capital flows, and impeded sustained financial flows to developing countries. Many were of the view that in the spirit of the partnership between developed and developing countries that produced the Monterrey Consensus, a greater effort should be made to develop policies consistent with the dual goals of domestic and global stability.

There was widespread agreement that international trade policy must be a major area of concern to a forum on financing development. Many expressed dissatisfaction with the policies of developed countries that they saw as adversely affecting the international trade in which developing countries were engaged. It was also asserted that developed countries abused the "anti-dumping" measures allowed by the World Trade Organization (WTO), seeking to limit competitive imports where such limits are not warranted by WTO rules.

Two other matters should be noted in the context of international trade policy. The first is the considerable support expressed for making greater provision for labour mobility within the international trading system, in line with capital mobility and trade in goods and services. This was considered an issue the international community had to address, in the context of action being taken regarding financing for development.

The second issue concerned the volatility of prices in international commodity markets, and the persistent low prices for a number of commodities. Developments in the international commodity markets in recent years were cause for widespread concern. Developing country farmers, often in the poorest countries, have had to absorb the impact of the volatility of international commodity prices and low values commodity prices. Several ideas were floated on how to address this issue. One was to increase development assistance to counter declines during cycles of commodity prices. Another idea was to consider some mechanism that would provide commodity price guarantees for poor countries. There was broad agreement that this matter should be considered at the United Nations in a more comprehensive and focused manner.

Regarding WTO negotiations under the "Doha Work Programme", there was universal concern that the Cancún Ministerial Meeting of WTO, held in September of this year, had not come to agreement on the issues at hand. There was notable support for resuming these negotiations as soon as possible, and for working expeditiously towards a conclusion that would effectively strengthen development efforts, particularly of the developing countries, a conclusion that would entail fair and equitable trading rules. More transparent WTO negotiating procedures to take better into account the views of developing countries was also advocated.

As the World Trade Organisation is a global forum, there were expressions of support for a closer institutional relationship between the WTO with the United Nations. It was considered that such a relationship would better facilitate international consideration of the development dimension of international trade policy and help to strengthen its coherence with other dimensions of development policy.

Regional cooperation was emphasised as an important element in promoting trade and financial flows, and therefore received broad support as part of the overall structure of the international trading system.

Numerous developing countries noted their efforts to implement policies for promoting sustainable development and poverty reduction. They acknowledged the need for continued and intensified endeavours toward this end, and the continuing need for the support of development partners. Some developing countries and countries having economies in transition stressed that policy-making is constrained by conditionalities of multilateral and bilateral donors.

Many donor country representatives reported on the progress their countries had made since the Monterrey Conference in increasing aid to developing countries. Both recipients and donor countries agreed that progress has been slow in improving the effectiveness of aid delivery and coordination, and that further action needed to be taken in this area. There also remained a large gap between expected flows and what was needed, in particular to achieve the MDGs.

As the severe shortage of aid funds could endanger the achievement of the MDGs, and objectives in the FfD area, a more active exploration of new and innovative sources and mechanisms of financing was advocated. The International Finance Facility proposed by the United Kingdom for levies on the utilization of the global commons or international currency transactions was cited as an example, as was the proposed World Solidarity Fund, to be funded by voluntary contributions. Some argued that renewed issuance of Special Drawing Rights (SDRs) would provide additional international liquidity and allow developing countries to release resources for investment. Increasing the core resources for UN development assistance also received notable support.

Given the inherent vulnerabilities of Small Island Developing States, the need for international recognition of these states as a group, and for special and differential treatment was reiterated. The critical support which least developed countries and land-locked countries needed to overcome their critical problems was also emphasised so that appropriate action could be taken.

Unsustainable external debt levels, a serious problem for many developing countries, was highlighted as an impediment to reaching the objectives of the MDGs and other development objectives. The HIPC process was regarded as being too slow in delivering debt relief. Many argued in favour of revision in the debt sustainability criteria, so that it would allow for a definitive exit from an unsustainable debt situation.

A number of creditor Governments expressed their willingness to revisit the issue of "topping up" - mechanism to deepen debt relief of those HIPC countries that, at completion point, still face an unsustainable debt situation due to disappointing trade trends or external shocks. While this may be part of the solution, speakers mentioned that debt sustainability for many low-income countries also required that future official financial inflows be predominantly by grants rather than loans.

A number of middle-income countries continue to grapple with severe debt crises, and often face a lengthy, difficult, and costly challenge in seeking to extricate themselves from this pressing problem. Continuing review of proposal to create an adequate sovereign debt restructuring mechanism was, therefore, advocated as a means of addressing this dilemma. It was considered that the United Nations should play a more active role in facilitating consideration of debt issues. In that regard, the view was expressed that the Secretary-General's proposal for the constitution of an informal multi-stakeholder study group on debt workout mechanisms might be supported. The deliberations and conclusions of the study group could be reported back to the appropriate decision-making intergovernmental bodies.

Greater use of the United Nations to improve global economic governance, coherence and consistency of economic, financial, trade, social and environmental issues and policies received widespread support. Support was also expressed both by governmental and civil society representatives for a more meaningful institutional relationship between the United Nations and the WTO.

A much strengthened and more effective ECOSOC or a strong and effective international body such as an "economic and social security council" was advocated, to be steward of the global economy and to monitor international economic cooperation and global economic and social trends. It was proposed that the United Nations Financing for Development process work through informal forums to remove blockages preventing coherence and cooperation in the current global economic environment.

The Secretary General's recommendation to convert the United Nations Ad Hoc Group of Experts on International Cooperation in Tax Matters into an intergovernmental body was widely supported. Such a body would contribute significantly towards strengthening international tax cooperation through enhanced exchange of information, sharing of best practices and coordination of multilateral and regional efforts, important action that must be taken in this area. It would also contribute towards mobilization of financial resources for development for developing countries and countries with economies in transition. It would be essential for the new

body to take into consideration the concerns of all countries, including the interests of small developing states.

Multilateral economic decision-making is key to ensuring equity in the global economic system. It was considered, therefore, that participation by the developing countries in such decision-making needed to be enhanced.

There was broad agreement that the biennial High-Level Dialogue of the General Assembly on Financing for Development had a vital role to play in moving the Monterrey process forward, as had the annual spring meeting of ECOSOC with the international financial and trade institutions. The point was emphatically made that the participation of the executive directors of the Bretton Woods Institutions in these meetings ought to be ensured and enhanced.

Monitoring and promoting partnerships for the implementation of the Monterrey Consensus in all its aspects was generally held to also be a focus of the FfD follow-up process. It was considered that a more precise supporting framework was necessary for monitoring the implementation of the Monterrey agreements, at both the national and international levels. There was some support for an additional supportive intergovernmental mechanism for effective FfD monitoring and follow-up.

The need to give 2005 the high standing it should have as an important milestone in assessing the progress made in the implementation of the Monterrey Consensus and the achievement of the MDGs was stressed by many. Appreciation was expressed for the work of the United Nations and the World Bank in launching a global information campaign and in developing a global monitoring framework for the MDGs. It was suggested that the monitoring framework for the implementation of the Monterrey agreements and commitments might be similar to that for the achievement of the MDGs.

Mr. Chairman, Delegates: participants in the High-level Dialogue recognized that the follow-up process for Financing for Development was a complex task. To have the desired impact, the process requires continued commitment, inputs and collaboration of governments, the United Nations system, other international organizations and civil society alike. We have guidelines for our endeavours - they are set out in the Monterey Consensus.

We still do need a more detailed work plan, one that would permit us to better measure and view progress, to identify problems and areas for priority work, and to put in place innovative modalities for cooperation, in which all relevant stakeholders should be actively involved. It is my hope, that the General Assembly at this session will be able to provide guidelines for such enhanced work plan, as a concrete outcome of the constructive and dynamic deliberations of the High Level Dialogue.

I thank you.