



MISION PERMANENTE DEL PERU ANTE LAS NACIONES UNIDAS

CHECK AGAINST DELIVERY

**GENERAL DEBATE
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**STATEMENT
BY
H.E. ALEJANDRO TOLEDO,
PRESIDENT OF THE REPUBLIC OF PERU
IN THE HIGH-LEVEL PLENARY MEETING ON FINANCING
FOR DEVELOPMENT**

NEW YORK, 14 SEPTEMBER 2005

Mister President,

- This meeting is a proper occasion to reiterate that Peru is firmly decided to advance in the compliance of the Millennium Developing Goals, *as* well as the commitments adopted at the Monterrey Summit towards a new Global Partnership to overcome poverty and social exclusion.
- There can not be solid democracies or equity in our societies when millions of people do not have the possibility of the full enjoyment of their rights, fundamental freedoms and are excluded from the market.
- In Peru, more than 50% of the population live with less than 2 dollars a day and almost 21% in extreme poverty. Our experience shows us that to eradicate poverty 2 conditions are needed:
 - Sustained economic growth that allows the increase of the income and the generation of productive and decent employment. In the case of Peru, and the majority of middle income countries, this increase must be superior to 7% of the GNP and must be sustained in time. Unfortunately, we are still under that goal, and;
 - Focused social programmes of income redistribution. What is true is that without proactive programmes that combat inequality, we can not achieve the objective of eradicating poverty.
- Generating these conditions in Peru, is a commitment not only of one political party but of all the political and social forces of the State, and are contained in the National Agreement subscribed by the political parties, the civil society and the Government in January 2002 with a 20 year horizon.
- The global partnership for development that we launched in Monterrey, has as counterpart of the internal action of our countries, a decided action of the developed countries to mobilize international resources for development, open their markets, increase financial and technical cooperation, relief of the external debt and promote the coherence of the monetary, financial and commercial systems.
- Three years ago, I stated in this same Hall that, to fortify democratic governance and to reduce poverty in our countries it was necessary to create new financial mechanisms.
- Today I want to propose the validity of this initiative.
- Many times *as* developing countries, we have resources, but we are not able to use them to promote a productive non inflationary growth.
- We must then, find imaginative formulas within the economic programs already agreed with the international financial institutions to solve this problem.

- A practical example is the expansion of the infrastructure in our countries to give competitiveness and modernity to the economy and to generate employment that underpin democratic governance.
- We have found difficulties to achieve this goal. And the solution that we have proposed, and that today I reiterate, is a broader fiscal space that allows the development of projects that directly benefit the population.
- The Interoceanic Highway that will link Peru, Brazil and Bolivia is an example of this effort. We just celebrated the beginning of its construction 10 days ago with President Lula from Brazil and President Rodriguez from Bolivia.
- What we need is that infrastructure projects that constitute productive investment are not included in our budgets as common expenses. Highways, energetic networks and other projects have social and economical profitability. Also, they are fully financed and do not generate non productive expenses to the public treasure in the long term.
- Another concrete measure that I suggest as part of a menu of instruments for middle income countries is to continue with the design of counter cyclical measures that allow facing recessional periods and other potential external risks such as the establishment of a modality of loans which are indexed to the increase of the GNP.
- These and other measures that we propose, complement the ones that are oriented to achieve volume increases and improvements of the quality of technical and financial international assistance.
- In summary, we must be creative and develop new financial mechanisms that allow us to achieve the objective of development with equity that constitutes the only way to combat poverty and to achieve the Millennium Development Goals.
- To conclude, I want to reiterate the importance of the support of developed countries and international financial institutions to complement the development efforts of middle income developing countries. Many of these countries have large poverty bags and we require the continuous support of the international community to implement our national development strategies.

Thank you.