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Chairperson: Mr. Lundberg . . . . (Finland)

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In the absence of Ms. Ochir (Mongolia), Mr. Lundberg (Finland), Vice-Chairperson, took the Chair.

The meeting was called to order at 3.05 p.m.

Agenda item 19: Follow-up to and implementation of the outcome of the 2002 International Conference on Financing for Development and the 2008 Review Conference (*continued*) (A/65/81-E/2010/83, A/65/130, A/65/293 and A/65/339)

1. **Mr. González Segura** (Mexico) said that the financing for development agenda marked a milestone in the economics-related work of the United Nations and that the discussions on that agenda item were of special importance, providing an opportunity to follow up and build on previous resolutions, including Economic and Social Council resolution 2009/30 of 31 July 2009.

2. The current economic crisis had affected the ability to mobilize internal and external resources, domestic investment capacity, private foreign investment and remittances. It had also increased the urgency of fulfilling the international commitments concerning official development aid (ODA), impaired the sustainability of debt management arrangements and demonstrated the need to increase international cooperation. The financing for development agenda had demonstrated its utility by providing a comprehensive, holistic vision of the challenges that needed to be met in order to mobilize the resources necessary to promote development.

3. While mobilizing ODA was essential in order to fulfil the internationally agreed development goals, including the Millennium Development Goals (MDGs), it was not sufficient to ensure development. The countries of the South were primarily responsible for their own well-being and therefore needed to promote national environments conducive to growth and investment. They also needed to combat poverty while ensuring that their populations were covered by social services that guaranteed them a life of dignity.

4. Nevertheless, the individual efforts of those countries depended on a favourable international economic and financial system in which their needs were taken fully into account. Hence the need to reform the representation of developing countries in the international financial institutions.

5. The increasing importance of South-South cooperation was also part of a broad and holistic agenda. However, it should not be a substitute for traditional North-South cooperation.

6. His delegation was not arguing that the entire development agenda of the United Nations should be addressed under the umbrella of financing for development. However, it was important to find common ground between the various topics included in the Monterrey Consensus and the Doha Declaration, while also promoting the global partnership for development under Goal 8 of the MDGs.

7. **Mr. Merabet** (Algeria) said that developing countries faced enormous financial challenges due to a significant reduction in ODA, foreign direct investment, financial transfers and export revenue. They were also under severe budgetary pressures owing to increasing public expenditure. Developing countries, particularly those in Africa, continued to suffer from the fallout from the global financial and economic crisis and to experience great difficulty in securing the resources needed to revive their economies. The international community must show more solidarity by consolidating the progress made to achieve the internationally agreed goals, including the MDGs.

8. Innovative forms of financing that complemented traditional sources should be disbursed in a way that took national priorities and ownership into account. Follow-up on implementation of the Monterrey Consensus had shown that many developed countries had yet to fulfil their commitments, particularly the allocation of 0.7 per cent of their gross national product (GNP) as ODA. Those developed countries that had been able to meet their commitments should serve as an example to others. On the question of economic growth, special, concrete measures were needed to guarantee the full integration of developing countries into the global economy and their full participation in decision-making within international economic and financial institutions.

9. **Mr. Rodríguez Hernández** (Cuba) said that the lack of financial resources remained the major obstacle to the development of the countries of the South, as had been recognized during the recent High-level Plenary Meeting of the General Assembly on the MDGs. The flagrant failure of developed countries to meet their own financial commitments had again been

exposed on that occasion. Moreover, several of those countries had disregarded the long-standing commitment to allocate a mere 0.7 per cent of their GNP as ODA.

10. The world's richest nations had prevented the General Assembly from adopting a clear statement on the need for new and additional resources for developing countries seriously affected by the deep global economic and financial crisis — a crisis which they had not caused. Developed countries had also failed to show the necessary political will to enter into serious negotiations leading to the establishment of a mechanism for the joint review of the agreements on financing for development. In order for such financing to progress, concrete steps must be taken and result in the changes needed by poor countries.

11. Lastly, he stressed the need, inter alia, to fulfil all of the financial commitments made to the countries of the South; to contribute additional financial resources to developing countries; to eliminate all conditionality in the provision of ODA; to cancel the debt of the countries of the South and to grant soft loans for development, in conjunction with the establishment of a sovereign debt arbitration mechanism within the United Nations framework; to conclude the multilateral trade negotiations within the Doha Round; and to build a new and genuinely democratic international financial architecture.

12. **Mr. Kim** Chang Mo (Republic of Korea) said that his delegation shared concerns about the adverse impact of the economic downturn on many developing countries. It had become all the more important to deliver on the global commitments made at the 2002 Monterrey Conference on Financing for Development and the 2008 Doha Review Conference. It was also crucial to mobilize domestic resources for development in developing countries through effective governance, strategy and innovative policies, with the advice and assistance of the United Nations. In addition, the international community must remain committed to providing ODA, which was essential for achieving development goals in those countries. The Korean Government, for its part, had undertaken to triple its ODA by 2015 and was exploring innovative forms of funding. His country also attached importance to South-South cooperation and looked forward to the participation of new donor countries in that process.

13. A vibrant and stable economy was essential to ensure sustainable financing for development. He therefore hoped that the Group of Twenty (G-20) Summit, to be held in Seoul in November 2010, would result in measures to reduce market volatility and ensure the predictability of the global economy. The Fourth High-level Forum on Aid Effectiveness, to be hosted by his Government in 2011, should also help to generate fresh momentum towards achieving the MDGs.

14. **Mr. Ovalles-Santos** (Bolivarian Republic of Venezuela) said that, in view of the persistence of the structural causes of the global financial and economic crisis, the General Assembly must move forward with reforming the international financial system and architecture. The Bretton Woods institutions must no longer impose their formulas on the world or seek to assume functions that were the responsibility of States. It was for States themselves to regulate the operation of the international system, including those institutions. New multilateral institutions needed to be established, based on solidarity, together with a global reserve system; special funds were required to meet the urgent needs of developing countries in the wake of the crisis; and the possibility should be explored of establishing an international debt management mechanism. Developing countries must also apply counter-cyclical policies so as to break the credit monopoly of the Bretton Woods institutions and, in the same spirit, regional and subregional financial institutions must be established offering unconditional financing and special drawing rights.

15. The Bolivarian Republic of Venezuela was actively engaged in regional cooperation and was seeking to strengthen regional and subregional political and economic integration that would take due account of asymmetries between countries and offer a means of surmounting the crisis. Innovative approaches to that end included the Bank of the South, the Bolivarian Alternative for the Americas (ALBA) and the Single Regional Compensation System (SUCRE).

16. Debt and debt servicing continued to be a problem, accentuating inequalities in wealth distribution. The foreign debt of developing countries had become unsustainable, essentially because of the action of the international financial institutions, which needed to be transformed and democratized. It was thus clear that the solution to the problem of foreign debt lay not with those institutions themselves but with

the United Nations. For developing countries, transparency was a vital requirement for any effort to address that problem, which should necessarily entail the reduction or cancellation of their debt payments.

17. Lastly, he called on developed countries to devote 0.7 per cent of their gross domestic product to ODA and, by honouring their commitments, to ensure the permanence, stability and predictability of funding for United Nations operational activities for development.

18. **Mr. Kurer** (Libyan Arab Jamahiriya) said that the MDGs were being threatened by the decline in investment and aid that had resulted from the economic crisis. The financial flows that continued to be channelled into the developing world tended to go to countries that produced raw materials, and to take the form of speculation rather than investment in infrastructure and productive capacity. The benefits of trade were not universal, especially for single-commodity countries that were vulnerable to market fluctuations and protectionism.

19. Domestically, his country had made great efforts to focus resources on building infrastructure, diversifying sources of income and encouraging private investment. It was enhancing development in Africa through its campaign to mechanize agriculture and its initiative to build a trans-Saharan highway to function as a North-South artery for the continent. It had earmarked $5 billion to fund development in the least developed countries, and also distributed assistance through a number of national institutions, notably the Libyan Fund for Aid and Development.

20. The international financial institutions should assist developing countries in implementing reforms to guard against future crises without imposing obligations that were not consistent with those countries' national interests. He hoped that the developed countries would make good on their pledges under the Monterrey Consensus and the Doha Declaration to provide development assistance and debt relief to developing countries, to open their markets to developing countries' exports, and to include developing countries more fully in the decision-making processes of the international financial institutions.

21. **Mr. Motter** (Observer for the Inter-Parliamentary Union (IPU)) said that while the recent crisis had propelled some major reforms forward by revealing fundamental flaws in the global economy it had also undermined development efforts. IPU had helped to mobilize a parliamentary response to the crisis through the joint United Nations-IPU parliamentary hearing held in November 2009; that discussion would continue at the forthcoming hearing to be held in December 2010.

22. Since ODA remained key to the entire development agenda, current commitments should be scaled up rather than cut back. Moreover, given that aid reform could improve national ownership of development planning, IPU had been working to ensure parliamentary oversight of aid policies at both national and global levels.

23. Trade was perhaps the most promising and least exploited source of financing for developing countries. IPU was therefore continuing to support the Parliamentary Conference on the World Trade Organization, with a view to unblocking the impasse in the conclusion of the Doha Round. The financial crisis had made further trade liberalization even more difficult, since the existence of high unemployment did not favour more open borders and competition. However, there should be no excuse for not honouring existing commitments to cut export subsidies and provide tariff- and quota-free market access to the least developed countries.

24. Lastly, IPU welcomed the steps taken to improve the governance and transparency of the international financial institutions, particularly with respect to developing country representation on their executive boards and information disclosure. However, the pace and depth of those reforms still fell short of what was needed, partly because of the persistent disconnect between national parliaments and global institutions. IPU would consequently be exploring ways to bridge that divide by engaging parliaments more closely in the work of the World Bank and the International Monetary Fund at the country level, and by helping parliamentarians to be better informed of the decisions taken by the executive boards of both institutions.

The meeting rose at 3.55 p.m.