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Summary record of the 13th meeting
Held at Headquarters, New York, on Thursday, 15 October 2009, at 3 p.m.

Chairperson: Mr. García González (Vice-Chairperson). . . . . (El Salvador)

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In the absence of Mr. Park In-kook (Republic of Korea), Mr. García González (El Salvador), Vice-Chairperson, took the Chair.

The meeting was called to order at 3.15 p.m.

Agenda item 52: Follow-up to and implementation of the outcome of the 2002 International Conference on Financing for Development and the 2008 Review Conference (*continued*) (A/64/76-E/2009/60, A/64/189, A/64/322, A/64/373 and A/64/377)

1. **Ms. Osman** (Sudan), speaking on behalf of the Group of 77 and China, noted that the current economic and global crisis, the deepest and most extensive since the Great Depression, had made the allocation of additional resources to financing for development all the more relevant, and the follow-up mechanism for financing for development must be reinforced as a matter of urgency. Developing countries had been forced to use a significant portion of the resources that had been allocated to debt service to protect their currencies in an unsupportive and unstable international financial environment. Since the global governance structure had not yet been reformed, the necessary coherence had not been achieved for the policies of the various international bodies to complement and facilitate developing countries' policy reforms. She stressed the importance of the role in the reform process of the General Assembly and the Ad Hoc Open-ended Working Group of the General Assembly that had been established to follow up on the issues contained in the Outcome of the Conference on the World Financial and Economic Crisis and Its Impact on Development.

2. Despite the crisis, it was vital that States should deliver on their commitments, including those made in the Monterrey Consensus on Financing for Development and in the Doha Declaration on Financing for Development. Particular efforts should be made to achieve the target of 0.7 per cent of gross national product (GNP) as official development assistance (ODA) to developing countries. The spirit of global partnership for development that had been generated in Monterrey and Doha should be rekindled today in order to achieve global solutions for global problems. She urged Member States to participate actively in negotiating the substantive resolution on financing for development that was scheduled for the current session. The resolution should focus on action and should address such issues as strengthening the follow-up mechanism, generating liquidity for developing countries, increasing aid and developing schemes to enable the viable and sustainable management of debt with a view to liberating resources for development. The Group of 77 and China attached great importance to the issue of innovative sources of financing, while stressing the complementary nature of such sources, and looked forward to the fourth High-level Dialogue on Financing for Development, due to be held on 23 and 24 November 2009.

3. **Mr. Ileka** (Democratic Republic of the Congo), speaking on behalf of the countries of the Southern African Development Community (SADC), said that the financial and economic crisis that had originated in wealthy countries had hindered implementation of the outcome of the 2002 International Conference on Financing for Development. Noting that spending under the global stimulus package to tackle the crisis was currently concentrated in developed countries, which could further skew the distribution of global income, he stressed that it was essential to transfer resources to the neediest countries.

4. The SADC Regional Indicative Strategic Development Plan (RISDP), launched in August 2004, outlined the necessary conditions and set targets in order to achieve the overall goals of sustainable socio-economic development and poverty eradication. Increased financial and human resources were required for the successful implementation of RISDP, and industrialized countries must deliver more efficiently and effectively on their ODA commitments, which despite having declined, remained one of the most important funding sources for RISDP. The New Partnership for Africa's Development could play a significant role in encouraging developed countries to meet their ODA targets.

5. Since unsustainable external debt had become a major obstacle to development, debt relief was an important part of a comprehensive strategy for achieving sustained growth and poverty reduction. Resources made available through debt-relief initiatives could then contribute to funding regional development programmes such as RISDP. However, foreign direct investment in SADC remained low, and he urged development partners to respond to take advantage of the investment opportunities available in the region.

6. He noted with concern that protectionist trade measures had been taken by the majority of the countries in the Group of 20 in response to collapsing levels of domestic production and employment. Measures were urgently needed to establish a fairer and more equitable international trading system that better responded to the needs and interests of all developing countries. Public-private partnerships were an effective financing mechanism for both national and regional development activities, especially infrastructure projects, and depended heavily on the availability of development financing over the medium term. SADC was currently undertaking a study in order to advise Member States on the desirability and viability of establishing a development fund in support of its regional development objectives, successful attainment of which was affected by such issues as potentially asymmetrical benefits and costs of resource flows, the need to ensure sustainable finance for the SADC programme of action and bottlenecks in mobilizing existing sources of finance.

7. **Mr. Thiébaud** (France), speaking on behalf of the secretariat of the Leading Group on Innovative Financing for Development, recalled that innovative financing, as well as complementing ODA, counteracted negative external factors — for example, by correcting imbalances in access to medicine — thereby regulating the world economy, and helped to share out the benefits of globalization, encouraging widespread participation among Governments, the private sector and citizens and ultimately uniting developed and developing countries equally in pursuit of a common goal. The Leading Group, currently chaired by Chile and composed of 59 member States and the major non-governmental organizations and international organizations, was the main forum for debate on innovative financing.

8. Significant results had been achieved following mobilization of funds for the first three innovative financing mechanisms, under which an international solidarity levy on air tickets had provided funding for the International Drug Purchase Facility (UNITAID), the International Finance Facility for Immunization and microcredit associations. Over $2 billion had been raised by summer 2009 in the health sector alone, providing vaccines for 100 million children per year and AIDS treatment for 100,000 children per year. He noted the important work that had been undertaken by the High-Level Task Force for Innovative International Finance for Health Systems, the call by the Group of Eight at its 2009 summit in L'Aquila to support innovative financing of health and the action taken in that area by the Rio Group.

9. The Doha Declaration on Financing for Development had called for more wide-scale introduction of innovative financing initiatives, and the Leading Group had made a number of recommendations at its sixth plenary meeting in Paris on 29 May 2009 on how to achieve that goal, covering such areas as expansion of the air-ticket solidarity levy, auctions of carbon credits, prevention of tax evasion and facilitation of the transfer of migrants. Those developments demonstrated the dynamism of current international thinking on innovative financing, within the context of the economic and financial crisis in which additional resources were more necessary than ever in order to achieve the Millennium Development Goals (MDGs) and to promote social, economic and environmental development for all.

10. **Mr. Gálvez** (Chile) said that he was confident that the resolution to be negotiated by the Second Committee on the follow-up to the Monterrey Consensus would focus attention on the best way to strengthen the mechanism for monitoring implementation of the commitments made, taking due account of the recommendations made by the Economic and Social Council in its recent substantive session.

11. Chile had been one of the pioneering countries in creating alliances in pursuit of innovative sources of financing for development, and had provided strong support for the Action against Hunger and Poverty initiative in order to promote more inclusive globalization, economic and social development based on solidarity and shared responsibilities and international peace and security. UNITAID was one of the most successful initiatives, to which Chile had, between March 2006 and April 2009, contributed over $11 million collected through an international air-ticket solidarity levy equivalent to $2 per passenger. As the current holder of the presidency of the Leading Group, Chile supported all initiatives that highlighted the importance of innovative financing for development as part of the strategy for achieving MDGs.

12. He requested that an omission in the Secretary-General's report on innovative sources of development finance (A/64/189) should be rectified. In paragraph 2,

Chile had been omitted from the list of signatory countries to the Declaration on Action against Hunger and Poverty, which had been signed in Geneva in 2004. Given the importance of that Declaration, which constituted a fundamental pillar of UNITAID, his delegation would be grateful if the appropriate amendment could be made.

13. **Mr. Carbajal** (United States of America) said that while the economic downturn had affected all countries, the recovery of some would require additional financial support from the international community. According to the World Bank, the global economy in 2009 was expected to contract by as much as 2.9 per cent, and world trade by 10 per cent. The economies of developing countries, most of which had been enjoying rapid growth, were now forecast to grow on average by only 1.2 per cent in the current year. Unfortunately, the poorest nations least able to take appropriate fiscal action to counteract the effects of the downturn had also been seriously affected: export demand for their products had dropped by 5 to 10 per cent and their remittances were expected to fall between 5 and 10 per cent in 2009.

14. Such statistics were sobering. Thus, despite some hopeful signs of increased industrial output and trade, there was a clear need to make progress in the debate on sources of financing for development. The United Nations, with its universal membership and development mandate, was an important forum for discussion of the way forward.

15. The United States had been a consistent and strong supporter of the financing for development process since the 2002 International Conference on Financing for Development. The global consensus on development finance arising from that event and the ensuing multi-stakeholder follow-up process had been achieved as a result of the fundamental commitment of the United Nations to international economic and financial issues.

16. The High-level Dialogue on Financing for Development to be held in November 2009 provided an important opportunity to enhance the international community's understanding of financing for development issues and to move the financing for development process forward. To that end, his delegation called for an open, frank and substantive exchange of views.

17. **Ms. Navarro Barro** (Cuba) said that financing for development was an absolute priority for the countries of the South. The major obstacle to the achievement of development goals at all levels was undoubtedly the existence of a profoundly unjust and unsustainable world economic order that deprived the countries of the South of the financial resources that they required.

18. Rich countries clearly lacked the political will to provide developing countries with those resources, despite the various commitments that they had made to the contrary. For example, the 2002 International Conference on Financing for Development had achieved very little in concrete terms; the 2008 Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus had failed to live up to the expectations of developing countries; and, to date, a serious follow-up process had failed to materialize. Most developed countries had not even managed to honour their commitment to provide 0.7 per cent of their GNP as ODA to developing countries. In short, the supposed global partnership for development was little more than words.

19. To achieve a new international economic order, developed countries would first need to fulfil their commitment to allocate 0.7 per cent of their GNP to ODA. A credible monitoring mechanism would also be needed to provide information on the progress made.

20. Second, developed countries would need to contribute new and additional financial resources to developing countries, particularly in the context of the current economic and financial crisis.

21. Third, the rich world must cancel the foreign debt of the countries of the South and grant new soft loans to finance development. In that connection, a sovereign debt arbitration mechanism would need to be established within the framework of the United Nations to ensure the just and balanced treatment of debtor countries.

22. Fourth, the outcome of the Doha Development Round must place development at the heart of its mandate. The next step would be the establishment of a just and equitable multilateral trade system.

23. Fifth, the obsolete Bretton Woods institutions would need to be replaced by genuinely democratic

entities that allowed all countries to participate in the decision-making process.

24. **Mr. Ovalles-Santos** (Bolivarian Republic of Venezuela) said that excessive financial liberalization and deregulation had caused an unprecedented crisis in the capitalist system, thereby eroding equality and social justice, perpetuating poverty and increasing the asymmetries between developed and developing countries. The peoples of the world were now calling for the creation of new international financial institutions that reflected the interests of all States based on the principles of social justice, solidarity and equality. The Bretton Woods institutions had shown themselves to be incapable of establishing a fair and equitable global financial system. Structural reform of the international financial, economic and trade systems in place since the end of the Second World War would therefore be necessary in order for financing for development to be placed on a sounder footing.

25. The mobilization of international resources required the involvement of new institutions that addressed the needs of developing countries more swiftly. One such initiative already established was the Bolivarian Alternative for the Americas. The Union of South American Nations was also exploring the possibility of establishing regional financial institutions, such as the Bank of the South, to meet the socio-economic development goals of those countries. South-South cooperation, which fostered partnerships based on solidarity, complementarity and respect for sovereignty, was another example of effective cooperation.

26. **Mr. Choi** Jong-uk (Republic of Korea) said that the global financial, energy and food crises threatened to reverse the development gains made by developing countries to date. Strong efforts were therefore needed by the international community to help those developing countries most affected, including the fulfilment of all the commitments made under the Monterrey Consensus and the Doha Declaration on Financing for Development.

27. The United Nations should play a central role in formulating effective and concerted responses to such global crises. In that regard, his delegation welcomed the Organization's recent efforts, including the holding of the Conference on the World Financial and Economic Crisis and Its Impact on Development; the establishment of the Ad Hoc Open-ended Working Group of the General Assembly to follow up on the issues contained in the outcome document of the Conference; and the organization of the High-level Dialogue on Financing for Development to be held in November 2009.

28. His country had done its utmost to increase its contributions to international development cooperation by repeatedly scaling up its ODA. The Fourth High-level Forum on Aid Effectiveness, to be held in Seoul in 2011, should also help to generate significant momentum to improve development results.

29. Innovative financing for development, as a supplement to traditional ODA, had become increasingly important during the current crisis. For example, his Government had introduced a solidarity levy on airline tickets in September 2007. Income from the levy was being used to help combat HIV/AIDS, tuberculosis, malaria and other infectious diseases in sub-Saharan Africa.

30. Lastly, his delegation wished to emphasize the importance of avoiding economic protectionism during the current crisis, since international trade was the cornerstone of development and prosperity. In that regard, it was also important to strengthen Aid for Trade and appropriate national strategies to enhance the export competitiveness of developing countries.

31. **Mr. Cuello Camilo** (Dominican Republic) said that developing countries relied on financing for development to attain the internationally agreed development goals, including the MDGs. Development financing was part of the fundamental commitments that developed countries had agreed to fulfil under the MDGs, the Monterrey Consensus and the Doha Declaration on Financing for Development. With a view to improving their level of commitment in the future, he repeated the suggestion made by the President of the Dominican Republic during the general debate of the sixty-fourth session of the General Assembly, namely that taxation might be imposed on tax haven deposits.

The meeting rose at 4.10 p.m.