United Nations A/C.2/61/SR.10

General Assembly
Sixty-first session

Official Records

Distr.: General
23 October 2006

Original: English

Second Committee

Summary record of the 10th meeting
Held at Headquarters, New York, on Tuesday, 10 October 2006, at 3 p.m.

Chairperson: Mr. Barry (Vice-Chairperson) . . . . (Senegal)

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06-56178 (E)

In the absence of Ms. Intelmann (Estonia), Mr. Barry (Senegal), Vice-Chairperson, took the Chair.

The meeting was called to order at 3.10 p.m.

Agenda item 52: Follow-up to and implementation of the outcome of the International Conference on Financing for Development (A/61/81-E/2006/73 and A/61/253) (*continued*)

1. **Mr. Kau** (Fiji) said that external assistance was required to bolster the limited national budgets of developing countries, and national strategies must be considered the framework for cooperation and development partnerships. It was disheartening for countries that complied with good governance standards and principles and developed sound national development strategies to find that scant overseas development assistance and international support were forthcoming.

2. Fiji was in the process of reviewing its strategic development plan and had pledged its commitment to democracy and principles of good governance, and to the improvement of the investment climate in order to attract investors. It called for further support in the form of technical assistance and capacity-building services to strengthen investment frameworks and improve physical infrastructure. He expressed gratitude to the Government of Italy and the United Nations Department of Economic and Social Affairs for their support to the Pacific small island developing States in the preparation of national development strategies. Such exercises should also include capacity-building in areas of sector policy formulation, resource mobilization and implementation.

3. Since it had an open economy that was dependent on export trade, Fiji lamented the lack of progress in the World Trade Organization (WTO) trade talks, and in the implementation of the development dimension of the Doha Work Programme. In addition, special mechanisms for trade-related assistance, and predictable, sustainable financing for developing countries should be established. Moreover, in spite of the increase in overall assistance levels, ODA had declined as a source of budgetary resources for developing countries such as Fiji in 2005, when ODA had accounted for less than 5 per cent of the total national budget.

4. There was an urgent need for monitoring and follow-up mechanisms to ensure that the commitments and actions agreed to at the major international conferences on development were effectively implemented. Fiji looked forward to the follow-up conference to review the implementation of the Monterrey Consensus.

5. **Mr. Zebari** (Iraq), emphasizing the strong link between financing for development and the realization of the internationally agreed development goals, reaffirmed the need for full implementation of the outcome of the International Conference on Financing for Development.

6. The International Compact with Iraq to facilitate renewed partnership with the international community had received tremendous international support. The Compact was expected to garner assistance from the international community to support Iraq in achieving its national vision and goals in the key areas of political, security and economic reform. Under the Compact, the Iraqi federal authorities envisaged the fiscal devolution of planning responsibilities to local and regional authorities. Private savings and ownership, and competition within the banking sector would be encouraged.

7. The key objectives of the country’s national and regional strategy for the oil and gas sectors included legal and regulatory reform, the promotion of assistance to foreign companies to access funds for rehabilitation, the establishment of national and regional oil and gas companies and investment in capacity-building and training.

8. The federal authorities and the Kurdistan regional government supported a diversified economy, and had adopted a number of measures to improve agriculture, develop the infrastructure of religious cities and holy sites, develop tourism training institutes, and build human capacity in the tourism sector. Revitalizing the private sector would involve the creation of an environment in which the economy and private business could flourish. In addition, State-owned enterprises should be privatized and restructured.

9. In seeking to improve the quality of life, the authorities of Iraq had established a number of reconstruction and rehabilitation projects and programmes in the areas of water supply infrastructure, education and health. The implementation of those strategies would require significant resources from

development partners, and he stressed that improved donor coordination was essential for the effective use of such resources.

10. **Ms. Mills** (Jamaica) said the global partnership for development, based on the principles of mutual responsibility and accountability, was extremely important. The increase in net outward transfers of financial resources from developing countries and the failure to meet commitments to ODA were among the concerns raised by the Secretary-General in his report on the follow-up to and implementation of the outcome of the International Conference on Financing for Development.

11. Jamaica was pleased that the Economic and Social Council had adopted a resolution that would ultimately enhance the impact of its high-level meeting with WTO and UNCTAD in April 2006 on “Coherence, coordination and cooperation in the context of the implementation of the Monterrey Consensus and the 2005 World Summit Outcome”. Although trade negotiations within the Doha Round had been suspended, it was critical that the development agenda should remain at the forefront of future negotiations.

12. In view of the importance of ensuring the engagement of all stakeholders in the implementation of the Monterrey Consensus, the General Assembly should speedily make the necessary arrangements for the follow-up conference scheduled to be held in Qatar.

13. **Mr. Nikitov** (Ukraine), speaking on behalf of the member States of the GUAM Organization for Democracy and Economic Development, said that the specific concerns of countries with economies in transition, as reflected in the outcome of the 2005 World Summit, would be fully taken into account in further follow-up to the International Conference on Financing for Development.

14. The members of the Organization were committed to the Monterrey Consensus and had adopted national macroeconomic policies that promoted economic growth and a supportive investment climate. Significant progress had been achieved in recent years, both in economic terms and in meeting the Millennium Development Goals, and further efforts were under way to promote financial stability and structural policies for the development of the private sector. Integration of the Goals into national development plans, good governance, a transparent and accountable system of public administration and expenditure management, along with concerted efforts to fight corruption, would contribute to the effective mobilization of domestic and external resources. In order to support the positive trend of FDI inflows, there was considerable ongoing effort to improve investment legislation, and to ensure equal opportunities for domestic and foreign investors.

15. Ensuring stability of the international financial system and maintaining predictability of financial markets, preventing financial crises, and strengthening the infrastructure of national financial and banking sectors were important to achieving sustainable development in developing countries and countries in transition. The international financial architecture should be made more transparent, and transition economies should be encouraged to participate more fully. In accordance with the relevant provisions of the Monterrey Consensus and the Summit Outcome, it was important to facilitate the accession of countries with economies in transition to WTO.

16. **Mr. Bhattarai** (Nepal) said that his Government highly appreciated the commitment made in Monterrey to provide greater resources to achieve the internationally agreed development goals, including the Millennium Development Goals, and the Qatari offer to host the first follow-up international conference on financing for development. The preparatory process needed to involve all stakeholders, while the review conference itself should focus on progress made, constraints encountered and ways of enhancing development results.

17. In Monterrey, the international community had underscored sustainable debt financing as an important way to mobilize resources for investment; agreed on practical measures to address poverty; and identified ways of mobilizing resources to finance the Millennium Development Goals. Poorer countries would require significantly more development assistance if they were to achieve those Goals on time. International commitments needed to be implemented, monitored and followed up. Recent initiatives to enhance multilateral dialogue and policy coordination, coherence and cooperation on key systemic issues relating to the international financial system were welcome. However, as emphasized in the Secretary-General’s report (A/61/253), multilateral consultations must be translated into effective joint policy actions.

18. The global partnership for development should focus on measures to strengthen efforts to attract foreign investment in developing countries, guarantee market access for the least developed countries, pursue policies that improve the competitiveness of least developed countries and landlocked developing countries, enhance ODA effectiveness, implement effective debt relief measures and improve participation and coordination in the international financial system.

19. Expressing Nepal's commitment to the Paris Declaration on Aid Effectiveness, he emphasized the need to improve aid quality, promote untied aid, focus on capacity-building, address structural vulnerabilities, explore avenues for cooperation among the countries of the South, and identify new and innovative sources of financing. Remittances could not be a substitute for ODA or debt relief. He stressed the need for more long-term and predictable aid, increased ODA channelling through national budgets, and coordination and harmonization with national development priorities. Least developed countries were in dire need of predictable grant assistance in order to ensure that national sustainable development and poverty eradication efforts were effective. Development partners should play a supporting role and leave ownership of development activities to recipient countries. At the same time, transparency, predictability and ready availability of aid could not be discounted when talking about aid effectiveness and harmonization.

20. A durable solution must be found to debt problems and resources for development increased. Moreover, debt relief must be in addition to, not instead of, other financing. External debt seriously hindered the development and economic growth of the least developed countries. The debt relief initiative must be expanded beyond the Heavily Indebted Poor Countries (HIPC) Initiative to provide relief to all least developed countries, with flexible eligibility criteria. Sustainability analyses must be tailor-made and aid without debt enhanced. In that regard, the specific needs of recipient countries, particularly those emerging from conflict, must be taken into account.

21. Key to enhancing development partnership was the promotion of international trade and export-led growth. The Doha Round needed to be revived without losing its development focus. Marginalized countries required further financial assistance so that they could be integrated into the global trading system. Trade-related capacity-building initiatives must be strengthened and the Aid for Trade Initiative made operational.

22. Nepal was committed to promoting sustained and broad-based economic growth. With its new democratic Government, the overall economic situation and investment climate was improving. Budgetary discipline had been maintained and a prudent monetary policy was being pursued. Maintaining macroeconomic balance was a primary concern. The Government attached high priority to mobilizing foreign aid and domestic resources for the development of rural infrastructure, reconstruction and rehabilitation, and the financing of emerging sectors of the economy, and to foreign investment for industrial development. In that regard, foreign investment procedures had been streamlined and simplified.

23. **Mr. Chidyausiku** (Zimbabwe) said that General Assembly resolution 60/265, on follow-up to the development outcome of the 2005 World Summit, including the Millennium Development Goals and the other internationally agreed development goals, had been another positive step towards achieving economic development. He welcomed the developed countries' commitment on improved access to international markets, predictable and adequate ODA and private capital flows, and an improved international architecture to prevent and manage financial crises, not to mention their pledge to make concrete efforts to achieve the target of devoting 0.7 per cent of GNI to ODA and pursue innovative sources of financing for development. Worryingly, less than 5 per cent of FDI had flowed to developing countries in 2005. A concerted effort was needed to bridge the gap between rhetoric and practice. In particular, mechanisms that enabled aid flows to be measured effectively were urgently needed.

24. External debt relief should be extended to all developing countries with an unsustainable debt burden. Moreover, aid must complement financial resources derived from domestic and foreign investment. Only enhanced exports could lead to a sustainable increase in the domestic resources of developing countries. In that connection, there was an urgent need for an open, non-discriminatory and equitable rule-based multilateral trading system. He urged developed countries to abolish their agricultural subsidies. Such action would also reduce developing

countries' dependency on aid, thereby enabling them to achieve sustainable development. All countries should benefit equally from the global partnership for development. In that regard, he called for the immediate resumption of the Doha Round.

25. While fully acknowledging that national Governments had primary responsibility for implementing their development plans, he said that national efforts in that regard must be supported, not hampered, by international cooperation. Aid and international economic cooperation in general urgently needed to be depoliticized. The international community must reject the practice whereby countries imposed laws and regulations with extra-territorial impact and all other coercive economic measures, including unilateral sanctions against developing countries. In Zimbabwe's case, support from international financial institutions had been blocked and investment flows restricted, all on account of political differences.

26. The suspension of International Monetary Fund (IMF) and World Bank financial support to Zimbabwe had caused other financiers and the donor community at large to suspend their support too. As a result, Zimbabwe faced a reversal of the gains made on health, education and infrastructure, which were the basis for achieving the Millennium Development Goals. The negative perception derived from sanctions had also impacted negatively on FDI in Zimbabwe. Despite having serviced its debt to IMF, Zimbabwe was still denied any new support.

27. Zimbabwe also had to grapple with such challenges as containing the HIV/AIDS pandemic, tuberculosis, malaria and other infectious diseases, and coping with recurrent adverse weather conditions. Despite that, the country had achieved some marginal successes in meeting the Millennium Development Goals. HIV/AIDS prevalence had fallen from 29 per cent in 2000 to 18.1 per cent in 2006. With more international support, Zimbabwe could do better. It would continue to adopt measures to create an environment conducive to the mobilization of domestic and international resources for development.

28. **Mr. Almabrok** (Libyan Arab Jamahiriya) said that a fair international financial system was essential if developing countries were to benefit from opportunities to further their economic potential, promote development and achieve social justice. To that end, developing countries should be effectively involved in international financial institutions through the exercise of voting rights and participation in financial policymaking. The accumulation of adequate resources for the financing of development was vital to realization of the Millennium Development Goals, in which connection he stressed the importance of commitment to the Monterrey Consensus, in particular the target for ODA that some were making welcome efforts to meet. The proposal to establish a mechanism for monitoring and follow-up of the implementation of the Consensus should consequently be placed on the agenda for the first follow-up conference to the International Conference on Financing for Development, which Qatar had generously offered to host.

29. The flow and efficient use of funds was instrumental to the financing of development programmes and the success of the global partnership for development. In that context, support for countries with economies in transition was important, as was the need to ensure that relief assistance for disaster or debt was not regarded as part of ODA. Equally important was the imperative to address the special needs of the African continent, which should be integrated into the world economy through, inter alia, support for its development plans and programmes, particularly in the least developed countries, and for the efforts of its economic communities and the New Partnership for Africa's Development (NEPAD). Other major factors for consideration included simplification of the financing procedures of the international financial institutions and permanent solutions to the external debt question. African countries that relied on basic commodities for export should also be supported in various ways aimed, for instance, at strengthening their competitiveness and agricultural productivity. Access to the drugs needed to fight the deadly diseases that so badly affected Africa's human resources and the strengthening of African Union efforts to establish peace and security in the continent's areas of tension were fundamental prerequisites for the success of development programmes and plans.

30. **Mr. Alkuwari** (Qatar) said that important catalysts for sustainable development, including good governance and respect for human rights, were highlighted in the Monterrey Consensus, which similarly underscored the value of policies and regulatory frameworks for promoting a dynamic

business sector that would ultimately benefit the poor. With that in mind, he commended the efforts of developing countries to pursue sound governance in increasingly trying circumstances and further expressed appreciation for the ODA provided by industrial countries, as well as for the HIPC Initiative and moves to alleviate poverty and hunger.

31. Repeated emphasis had been placed on the potential role of trade in the financing of development and on the need for a law-based global trade system that was both fair and open. The least developed countries above all had therefore been tremendously frustrated by the suspension of the Doha Round negotiations, on which they had pinned so many hopes for improvement of their trade and market position. Regrettably, the future of the world economy was likely to be adversely affected by the suspension, a situation that might encourage a fresh protectionist trend. The developed countries in particular should show the political will and flexibility needed for a resumption of the negotiations in the interest of practical outcomes of universal benefit.

32. The participation in the International Conference on Financing for Development had been a prime example of the constructive cooperation that was so badly needed in order to meet the challenges of globalization. Qatar had endeavoured to be a supportive partner in the international efforts for development, notably in connection with anti-poverty measures and fairer distribution of the gains from world economic growth. On that basis and in the context of its work to introduce as well as promote international initiatives for development and its financing, it had offered to host the first follow-up conference to the International Conference on Financing for Development. The offer had been extremely well received in a variety of forums and he therefore hoped that the General Assembly would adopt a resolution setting a date for that follow-up conference.

33. **Ms. Mammadova** (Azerbaijan) said that her delegation agreed on the need for timely implementation of the Monterrey Consensus. By recognizing the key role of global partnership, General Assembly resolution 60/265 strengthened the relevance of that Consensus in the context of follow-up to the 2005 World Summit.

34. The Secretary-General’s report (A/61/253) acknowledged the continued efforts of developing countries to implement nationally owned development strategies through sound macroeconomic policies and rule of law. Such steps, being in line with the core principles of the Monterrey Consensus, should enjoy the international community’s support. Resource mobilization, a crucial component, required policy coherence among all relevant stakeholders. Its development impact could not be maximized unless resources were channelled on a predictable basis and recipient countries had adequate institutional capacity to access and maximize the domestic benefits of such resources. In that regard, she welcomed efforts by the international financial institutions, particularly the World Bank, to improve the effectiveness of their services in the areas of strengthening investment frameworks and improving investment climates. The ongoing failure to complete the Doha Development Round on time was regrettable; as a landlocked developing country, Azerbaijan supported calls for a resumption of negotiations.

35. Her Government was committed to the principle of national ownership of development strategies. An economic reform programme had been in place since the mid-1990s and eventually macroeconomic stability had been achieved. Furthermore, for two consecutive years, Azerbaijan had enjoyed unprecedented growth in GDP, which had reached 30 per cent in 2006, driven by oil and gas production and exports. In 2006, State spending had gone up by 65 per cent, with a large portion being spent on public sector wages, pensions and infrastructure. Azerbaijan also accounted for a large share of FDI invested in transition economies in recent years and remained among the top FDI inflow performers globally.

36. Azerbaijan’s improved business climate had been recognized by the World Bank and by the Organization for Economic Cooperation and Development (OECD), which had recently upgraded its risk classification from level 6 to 5. Azerbaijan had also issued its fourth Extractive Industries Transparency Initiative (EITI) report and, in September, had launched the fifth reporting cycle. Those reports, and the partnership with the EITI coalition, clearly demonstrated her Government’s commitment to prudent resource management and accountability.

37. Azerbaijan was also making headway in negotiating WTO accession. It already had a trade

system free of non-tariff restrictions and was continuing its reforms in such areas as tariffs, customs, taxation, banking and finance. The current challenge was to develop the non-oil sector of the economy and promote labour-intensive industries, as opposed to the oil sector, which employed less than 1 per cent of the workforce. In that regard, she welcomed the important role ascribed to employment in the Secretary-General's report (A/61/253) and hoped that the ministerial declaration of the 2006 high-level segment of the Economic and Social Council would be given effective follow-up in promoting an environment conducive to generating productive employment. Azerbaijan also attached great value to multilateral dialogue on systemic issues, including those relating to transition economy voice and participation in international economic decision-making and norm-setting.

38. Lastly, she pledged her Government's full support for Qatar's offer to host the first follow-up international conference on financing for development.

39. **Mr. Lukwiya** (Uganda) said that the Monterrey Consensus was a pragmatic complement to the Millennium Development Goals. Its effective implementation was vital to achieving poverty reduction. Implementation of the global partnership for development was also very necessary.

40. The cornerstone of that Consensus was the acknowledgement that developing country capability to achieve the Millennium Development Goals was heavily influenced by external factors, a key one being ODA. Quick and effective solutions to developing country debt problems and progress on addressing systemic issues relating to the coherence and consistency of the international monetary, financial and trading systems would both contribute significantly to implementation of the Monterrey Consensus. The report of the Secretary-General (A/61/253) made it clear that the international community needed to do much more in both areas. Both the Millennium Compact and the Monterrey Consensus had promised an increase in ODA. If all the pledges made in 2002 had been met, ODA would have risen to $75 billion by the end of 2006. Unfortunately, that had not happened.

41. One reason for the slow pace was the lack of substantive progress on debt relief. The increase in ODA rested largely on debt relief, which was recognized fully as ODA in the year in which the debt was forgiven. Although the relief granted became effective only later, countries benefited immediately, as they no longer had to pay for debt servicing. Trade was another vital area where progress was slow. The collapse of the Doha Round was not good for implementation of the Monterrey Consensus, as developing countries were missing an opportunity to access developed country markets and poorer developing countries, the markets of more advanced developing countries. A multilateral agreement in the framework of the Doha Round could achieve much more than bilateral agreements. He called on Uganda's major development partners to open up their markets and remove agricultural subsidies unconditionally. Once they took the lead, other developed countries would follow.

42. Lastly, he called for greater cooperation among existing institutions in following up and implementing the Monterrey Consensus and for the follow-up mechanism to be strengthened.

The meeting rose at 4.20 p.m.