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New York

President: Mr. Kerim . . . . (The former Yugoslav Republic of Macedonia)

The meeting was called to order at 10.20 a.m.

Agenda item 53 (*continued*)

Follow-up to and implementation of the outcome of the International Conference on Financing for Development

(b) High-level dialogue for the implementation of the outcome of the International Conference on Financing for Development

Reports of the Secretary-General (A/62/190 and A/62/217)

Note by the Secretary-General (A/62/271)

Summary by the President of the Economic and Social Council of the special high-level meeting of the Council with the Bretton Woods institutions, the World Trade Organization and the United Nations Conference on Trade and Development (New York, 16 April 2007) (A/62/76 and A/62/76/Corr.1)

The President: The General Assembly will begin the High-level Dialogue on Financing for Development, convened in accordance with resolution 61/191 of 20 December 2006. The overall theme of the High-level Dialogue is “The Monterrey Consensus: status of implementation and tasks ahead”. The High-level Dialogue will consist of plenary and informal meetings as well as six interactive multi-stakeholder round tables. A detailed programme was distributed to delegations this morning.

I would like to sincerely welcome all delegations to the High-level Dialogue on Financing for Development. The Dialogue will begin the intergovernmental follow-up to review the implementation of the 2002 Monterrey Conference and to assess the challenges ahead. Over the next couple of days we shall hold a series of plenary meetings and six multi-stakeholder round tables on the major thematic areas of the Monterrey Consensus. I would encourage all participants to engage in a frank, inclusive and open exchange of views with all stakeholders. By doing so, we can make a substantive contribution to the preparation of the Follow-up Conference in Doha.

In that regard, I would like to commend the important contributions made at yesterday’s hearings by civil society and non-governmental organizations, in particular on innovative sources of development finance and trade. The overall message from the hearings was clear: we have reached a critical juncture in the financing for development agenda. Despite the promises made, progress has been slower than expected. While there have been some successes, many of the development finance objectives set in 2002 have not yet been met.

At Monterrey, developing countries acknowledged primary responsibility for their own development. They committed themselves to create sound fiscal, economic and social policies to that end. In return, donors agreed to support them through more and better aid, debt relief and fairer trade and to give them a more equal voice in the international system. The Consensus embodies the mutual responsibilities of developed and developing

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countries. I would like to briefly outline progress achieved in each of the six areas.

In the area of domestic resource mobilization, macroeconomic and fiscal management has improved in most developing countries, creating higher savings and investment. However, despite increased social expenditures, poverty is still on the rise, especially in Africa.

With regard to private capital flows, a dozen fast-growing, resource-rich countries account for some 70 per cent of the increase in private capital flows to developing countries. More needs to be done to encourage investment in low-income countries.

In the area of international trade, major challenges remain in realizing the Doha Round of multilateral trade negotiations. While international trade has increased, new forms of protectionism have arisen. All countries involved in the Doha Trade Round should aim to forge an open, non-discriminatory and equitable multilateral trading system.

We should congratulate the around two thirds of donor countries which met 2006 targets to increase official development assistance (ODA) levels that they set in Monterrey. However, in 2006 development aid from countries of the Organization for Economic Cooperation and Development fell by 5 per cent. Aid to sub-Saharan Africa, excluding debt relief, remained static. Following current trends, ODA for the period 2006-2010 will fall short of the targets. Improving aid effectiveness and exploring innovative sources of development finance remain priorities.

The Multilateral Debt Relief Initiative has freed up essential resources for investment in public services. However, putting all low-income countries on the path to debt sustainability and poverty reduction remains a major challenge.

Finally, global governance and the international financial architecture need to be more responsive to the profound changes in the global economy, in particular with regard to global imbalances and market transparency. Increasing the voice and participation of developing countries remains a priority on which the legitimacy and credibility of some institutions now depends.

Since its adoption in 2002, the Monterrey Consensus has remained at the heart of the United Nations development debate. In 2005, it was reaffirmed by leaders at the World Summit. That same year at Gleneagles, Group of Eight (G-8) leaders agreed to make progress on trade and to provide $50 billion extra in aid, with $25 billion for Africa, by 2010. They set new targets for access for all to AIDS treatment, free basic education and health care. Again in Heiligendamm in 2007, G-8 leaders recommitted to increased development assistance and announced an additional $60 billion to fight AIDS, malaria and tuberculosis.

If implemented, existing commitments to finance development are enough to achieve the Millennium Development Goals (MDGs), even in Africa. But each side of the partnership must deliver. That is the spirit of the Monterrey Consensus. As developing countries adopt comprehensive national strategies, donors must deliver on commitments to provide additional assistance to enable them to succeed. Unchecked, bad governance and corruption will undermine efforts to provide long-term, predictable finance. However, lack of progress should not be an excuse for additional conditionality or for delaying increases in ODA.

Developing countries need to develop credible long-term investment plans, strengthen good governance and continue to fight corruption to encourage sustainable economic growth and an attractive environment for business. To maintain the credibility of their commitments, donors should accelerate their plans to scale up assistance and issue country-by-country timelines on how will increase aid, so that partner Governments can prepare supporting macroeconomic frameworks.

Time is running out to make the needed practical investments. The focus must now be squarely on implementation. Promises must be urgently translated into practical plans with systematic follow-through by all parties. Developing countries need to know when additional new resources will arrive so that they can begin to plan.

The adoption of the historic Consensus on financing for development laid the foundation for a global partnership for the international community to achieve the Millennium Development Goals. It is in that context that the review of the implementation of the Monterrey Consensus will take place in Doha next year. Success in Doha will very much depend on the consensus we reach during the consultation process at the sixty-second session of the General Assembly.

We can lay the political ground over the next couple of days. We need to judge the progress made so far and assess future challenges, including supporting developing countries to adapt to and mitigate the effects of climate change. We may face huge challenges, but we should take hope from the progress that has been made so far.

In the past 40 years, life expectancy in the developing world increased by one quarter. In the past 30 years, illiteracy has fallen by half.

In the past 20 years, 400 million people have been lifted out of absolute poverty. Smallpox has been eradicated, and soon maybe polio will too. The debt of over 20 countries, totalling over $81 billion, has been fully cancelled, helping some to provide free health care and build new classrooms. The $4 billion International Finance Facility for Immunization has been established to help save the lives of an additional 5 million children over the next decade.

At the first thematic debate of the General Assembly on partnerships towards achieving the MDGs, held in November 2006, the Islamic Development Bank announced $10 billion of new financing for the Millennium Development Goals. In 2007, the United Arab Emirates announced a $10 billion fund to improve access to and the quality of education in the Muslim world. And recently, an international health partnership among donors, developing countries and United Nations entities has been established.

Some African countries are demonstrating that progress towards the MDGs is possible when strong government leadership and good policies are combined with adequate financial and technical support from the international community. Progress is obviously possible. Above all, we must demonstrate political will. Millions of lives hang in the balance.

Along with the framework of the MDGs, the Monterrey Consensus has helped to strengthen our shared sense of purpose and to harness and combine the energies of the United Nations, other institutions, faith groups, non-governmental organizations, civil society and the private sector. If this — the greatest anti-poverty partnership in history — is insufficient to break away from business as usual, many developing countries and campaigners around the world will be left without hope. Global trust will be irredeemably undermined.

In order to avoid that, establish greater trust and renew confidence in the multilateral system, it is critical that we all live up to our promises and commitments. In doing so, we need to move beyond the simplistic division of the world into North and South, which reflects the past more than today's world. We live in a far more complex and integrated global age, with new emerging economic powers and donors as well as private philanthropy in all regions of the world.

It is incumbent upon leaders from all of those groups and stakeholders to demonstrate leadership and concerted action. Otherwise, by 2015, there will be more people struggling in poverty. Millions of people will not realize the basic promises of the Millennium Development Goals in their lives.

Finally, I wish to thank all the Member States represented here, particularly those countries that are represented at a high level in this important meeting. I had hoped and wished that the relevant international institutions would be represented at the highest level, given the high importance attached to this issue of financing for development.

I now give the floor to the Secretary-General, His Excellency Mr. Ban Ki-moon.

The Secretary-General: I am pleased to join the President of the General Assembly in welcoming all participants to this High-level Dialogue.

The International Conference on Financing for Development, held five years ago in Monterrey, marked a turning point in our quest for economic and social progress. At the Conference, developed and developing countries alike came together under United Nations auspices to forge a bold new partnership for development, and they made clear their determination to end poverty once and for all.

In the Monterrey Consensus, developing countries took primary responsibility for their development and for mobilizing domestic resources. Developed countries, in turn, agreed to provide assistance and promote an enabling international environment for development.

The Consensus was a landmark agreement. It reiterated that poor and economically distressed people should be welcomed as partners in the development process. It affirmed the importance of substantially increased and predictable official development assistance (ODA) to achieve development objectives, including the Millennium Development Goals.

Just past the midpoint in the global effort to achieve the Goals by 2015, our scoreboard is uneven. Some regions — particularly sub-Saharan Africa — are clearly not on track. That should worry every single one of us. After all, reaching the Goals is not only vital to building better, healthier and more decent lives for millions of people around the world; it is also essential to global peace and security.

Now more than ever, achieving the Millennium Development Goals — and, indeed, all the internationally agreed development targets — depends fundamentally on the substance, vitality and credibility of our global partnership. We know we can reach the goals, but only if we share responsibility and honour our commitments.

So far, progress on the Monterrey Consensus has also been mixed. Many developing nations, including many lower- and middle-income countries, have experienced stronger economic growth. After 2002, levels of official development assistance, including new commitments, rose, only to fall off since last year. More importantly, the sustained increases required to meet targets agreed to decades ago and reiterated in 2002 and 2005, have not materialized. Closing this funding gap is essential if we are to alleviate extreme poverty, fight disease and achieve the other development targets. The challenge is even greater now, with the need to mitigate and adapt to climate change while striving to reduce the huge and growing economic divergences.

This can only happen when donors meet their ODA commitment targets and channel more resources through national budgets. At the same time, more effort is required to improve aid effectiveness. The additional financing needs for climate change must also be addressed.

Significant steps have been taken on debt relief. But, here too, much more is needed. Putting all low-income countries on a sustainable path of debt repayment must be a priority, and immediate action is needed to increase the voice and participation of developing countries in international decision-making, particularly in the international financial institutions. This is essential for the legitimacy, credibility and, ultimately, effectiveness of these institutions.

At the national level, implementation poses its own challenges. In many cases, prudent macroeconomic management and increased social spending have not generated the results required to achieve the Millennium Development Goals. National development strategies need to give priority to macroeconomic and other policies that support sustained economic growth and decent employment.

Net international capital flows have actually flowed away from most developing countries over the past decades. Much more must be done to increase stable capital flows to low-income countries and to enhance their development impact.

We also need more inclusive multilateral coordination of macroeconomic policies. This is particularly urgent in the face of the large global imbalances, volatile international capital flows and threats to sustainable development posed by financial turmoil.

Significant challenges remain in realizing the development dimension of the Doha trade negotiations. Concluding the talks quickly, with meaningful and equitable development implications, should be the principal focus of the negotiators. Aid for trade should be made operational.

The Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus, to be held in Doha next year, offers a golden opportunity for all stakeholders to consolidate the gains made and to achieve new breakthroughs. It is an opportunity to strengthen the solidarity and partnership between rich and poor countries that was created five years ago in Monterrey.

Let us begin here, at this High-level Dialogue, to rekindle that Monterrey spirit. Let us renew our commitment to free our fellow human beings from the abject and dehumanizing conditions of poverty and inequality. A strong and sustained effort now can mean the difference between the success and failure of our collective endeavour to create a better, more peaceful and more prosperous world for all.

I urge the international community to do its utmost to fulfil the commitments made at Monterrey, so that all countries and all people, especially the poorest, can benefit. And I hope to see fresh ideas on specific actions that could be taken in Doha to deliver fully on the global partnership for development. I look forward to examining appropriate ways to strengthen the implementation of this process.

I wish participants every success in their deliberations.

The President: I thank the Secretary-General for his statement.

I now give the floor to His Excellency Mr. Dalius Čekuolis, President of the Economic and Social Council.

Mr. Čekuolis (President of the Economic and Social Council): It is indeed a pleasure and an honour for me to participate in the third High-level Dialogue on Financing for Development. As the President of the General Assembly and the Secretary-General have just emphasized, we are meeting at an important juncture. We have passed the midpoint for achieving the Millennium Development Goals (MDGs), and we are about to start preparing for a major review conference on financing for development, to be held in the second half of 2008 in Doha. This Dialogue will be an important occasion to fully utilize the convening power of the United Nations and the capacities of all its partners to advance the United Nations development agenda.

I am pleased to say that the Economic and Social Council has come a long way in the past two years in re-energizing its functions and rejuvenating its mission of promoting social and economic development. There are now three major Council forums that are instrumental for the Monterrey follow-up process: the Council's annual spring meeting with the Bretton Woods institutions, the World Trade Organization and the United Nations Conference on Trade and Development; the Annual Ministerial Review; and the Development Cooperation Forum.

The spring meeting has served as an important reminder that our efforts must be underpinned by a continued commitment by all to a global partnership for development. In the Monterrey Consensus, heads of State or Government encouraged the United Nations and major institutional stakeholders to focus the spring meeting on issues of coherence, coordination and cooperation. The Council also highlighted the importance of the meeting in its latest resolution on financing for development (Economic and Social Council resolution 2007/30), in which it calls for measures to enhance its impact in the follow-up process. Following the suggestions of the Council — such as focusing the meeting on specific issues and finalizing the preparations well in advance — will help to ensure that next year's event will be an important stepping stone on the road to Doha.

At the 2005 World Summit, world leaders mandated the Economic and Social Council to strengthen its role in coordinating the implementation of the United Nations development agenda by convening an Annual Ministerial Review and a biennial Development Cooperation Forum.

The Annual Ministerial Review enhances the role of the Council as a central body for United Nations system-wide coordination in the economic, social and related fields. Member States welcomed the first Review as an important forum for assessing the progress made in implementing the internationally agreed development goals, which have emerged from United Nations conferences and summits held since the 1990s at the global, regional and national levels. It was particularly encouraging and illuminating to listen to the national voluntary presentations of several Member States on their progress in implementing national development strategies in order to achieve the internationally agreed development goals and the MDGs by 2015. Future Annual Ministerial Reviews should make recommendations on concrete steps to overcome the obstacles and challenges in realizing those goals.

The official launch of the Development Cooperation Forum brought together a wide array of development partners to engage in a dialogue on strengthening international development cooperation. It was a decisive step forward in the implementation of the global partnership for development and proof of the commitment of Governments to strengthen the coherence and effectiveness of international development cooperation. It also served as an important reminder that all stakeholders — Governments, United Nations system organizations, civil society, parliaments, the private sector and academia — have to be accountable to one another.

I am convinced that these two new key functions of the Economic and Social Council, together with the Council's annual spring meeting, will provide an important platform for fostering dialogue and consensus on financing for development among a wide range of stakeholders.

The Monterrey Consensus outlined the comprehensive national and international policy actions required to achieve the internationally agreed development goals. We will be able to follow through with them only if we work together and make full use of all existing forums and mechanisms.

I am confident that I speak for all countries members of the Economic and Social Council when I promise that, for our part, we will do all in our power to advance the implementation of the Monterrey Consensus and to ensure the success of the Follow-up International Conference on Financing for Development, to be held in Doha, Qatar, in the second half of 2008.

The President: I should now like to turn to some organizational matters pertaining to the conduct of these meetings. As stated in my letter of 19 October 2007 to Member States concerning the list of speakers, I would like to propose that the list of speakers be closed at 1 p.m. May I take it that the Assembly agrees to that proposal?

It was so decided.

The President: With respect to the length of statements, as indicated in the note by the Secretary-General (A/62/271), speakers are encouraged to limit their statements to five minutes, on the understanding that this will not preclude the distribution of more extensive texts. In view of the large number of delegations already inscribed on the list of speakers — there are some 100 speakers so far — I appeal to speakers to cooperate in that respect.

To assist speakers in managing their time, a light system has been installed at the speaker's rostrum, which functions as follows: a green light will be activated at the start of the speaker's statement, an orange light will be activated 30 seconds before the end of the five minutes, and a red light will be activated when the five minutes have elapsed.

Members will recall that, in the note of the Secretary-General, it was noted that the Assembly would also hear statements by the President of the World Bank, the Managing Director of the International Monetary Fund, the Director-General of the World Trade Organization, the Secretary-General of the United Nations Conference on Trade and Development and the Administrator of the United Nations Development Programme. I would like to inform members that these organizations will now be represented by the following persons: the Vice-President of the World Bank, the Deputy Managing Director of the International Monetary Fund, the Deputy Director-General of the World Trade Organization, the Special Representative of the United Nations Conference on Trade and Development at the United Nations Headquarters, and the Associate Administrator of the United Nations Development Programme.

If there is no objection, and without setting a precedent, may I take it that the General Assembly agrees to hear statements by these representatives?

It was so decided.

I now give the floor to Mr. Danny Leipziger, Vice-President and Head of Network, Poverty Reduction and Economic Management of the World Bank.

Mr. Leipziger (World Bank): It is an honour and a privilege to be here and have the opportunity to speak to the Assembly today. Mr. Zoellick, the President of the World Bank, asked me to convey to the Assembly his strong commitment to the development agenda associated with the Monterrey Consensus. At his inaugural annual meetings speech yesterday, in Washington, he laid out an ambitious World Bank Group agenda based on the concept of an inclusive and sustainable globalization that reaches all, including women, who find themselves in poverty.

In 2002, the International Conference on Financing for Development, held in Monterrey, Mexico, laid out a mutual accountability framework, which included actions for donors and partner countries anchored in the country-based development model.

Five years later, and entering the final stage of the Millennium Development Goals cycle, I commend the United Nations for its ongoing efforts to take stock on where we stand in this important partnership. I would like to focus my comments on three key areas in which the Bank has been involved: debt relief; aid scaling-up around the country-based model; and trade reform.

Concerning debt relief, donors have in large part delivered on their commitments. Most multilateral financial institutions and others have provided debt relief in line with their commitments under the Heavily Indebted Poor Countries Debt Initiative and the Multilateral Debt Relief Initiative. As a result, 32 countries are benefiting from relief totalling over $90 billion in 2006 terms, with the International Development Association (IDA), our soft-loan window, being the single largest provider.

One should note, however, that debt sustainability is not guaranteed by forgiving past debt. It requires not only careful borrowing in the future, but also export diversification and access, growth and the ability to weather economic shocks. High indebtedness is more likely to have been a symptom of weak policies, institutions and governance than a cause of low growth. That is why we have been working closely with the International Monetary Fund on the Debt Sustainability Framework in Low-Income Countries. We asked that there be harmonization among creditors and all donors in terms of responsible lending and responsible borrowing.

It is even more important to strengthen borrowers' capacity to manage their own debt, generate financing needed for development and avoid experiencing repayment difficulties. In that context, we are engaged in the diagnosis of the weaknesses of systems and building debt management strategies.

Turning to the efforts of developing countries in managing aid flows, it is worth noting that developing countries have achieved important progress in building national strategies and improving policy environments leading to higher growth. They have improved the quality of their poverty reduction strategies and their linkages to national processes. They have strengthened their institutional frameworks for public financial sector management, public administration and governance. The quality of their macro and growth policies has also improved, as the recent higher growth rates underscore. Those significant improvements have opened up important opportunities for scaling up a wide range of countries and fragile States.

However, donor countries remain far short in their commitments to improve the quality and quantity of aid. Official development assistance increased, but the majority of the increase since 2004 was driven by debt relief. Actually, official development assistance from Development Assistance Committee countries declined by 5.3 per cent in real terms in 2006, and we expect, unfortunately, a further decline in 2007.

Results on efforts to improve the quality of aid are also mixed.

Central to the Monterrey Consensus was the link between country performance and aid. While, on average, aid flows to better performing countries have increased since 2000, this trend is far from uniform, and some of the better performers have actually seen a decline in aid.

In sum, on the aid front, there are significant opportunities for scaling up, and donors need to demonstrate a clear resolve to accelerate delivery on their commitments. A strong fifteenth replenishment of the IDA — IDA15 — will be important in this direction, and that is why the World Bank Group has decided to lead the way by seeking to contribute $3.5 billion to IDA15 out of its own resources.

Allow me to now turn to the global trade system, my third theme. The global trade system needs to be development-friendly. On this front, bringing the Doha Round to a successful conclusion remains the key goal. We believe that this is possible. There is a negotiating package on the table that would bring significant benefits to all involved, but unless key players show flexibility in adjusting their demands, this goal will not be achieved in the near future. Industrialized countries have a particular responsibility in leading the way in this process, and the costs of failure should not be underestimated.

Regardless of the outcome of the Doha negotiations, substantial increases in what is called "aid for trade" to help poor countries to harness global markets for growth and poverty reduction should remain a high priority.

I would like to conclude by identifying three additional areas for action that can make a difference in promoting the implementation of the Monterrey Consensus.

First, we need to work together to identify innovative sources of development finance, drawing more on the private sector and other forms of development assistance. There is much scope for collaboration with and learning from emerging donors, private foundations and others.

Secondly, we will need to ramp up support for Poverty Reduction Strategy implementation and build strong resources and results frameworks around which donors can align to support viable country-led growth strategies. Efforts such as the Results and Resources Partnerships can help in this effort.

Thirdly, we need to strengthen the development focus around global and regional public goods to ensure that increased finance is integrated into national growth and development strategies, leading to poverty reduction and a strong development impact. In that context, allow me to echo the words of the Secretary-General and say that time is a-wasting and further action is needed.

I would like to confirm once again the commitment of the World Bank to the implementation of the Monterrey Consensus.

The President: I now give the floor to Mr. Murilo Portugal, Deputy Managing Director of the International Monetary Fund.

Mr. Portugal (International Monetary Fund): It is a pleasure to have the opportunity to address this meeting on this most important topic of financing for development. The International Monetary Fund (IMF) is a committed partner in the international community's efforts help developing countries reduce poverty and reach the Millennium Development Goals (MDGs). We give high priority to effective collaboration with the donor community, and gatherings like this are essential to fostering such collaboration.

I would like to share our assessment of recent events in financing for development with the Assembly. I will also speak about how the IMF is improving its support to developing countries.

Allow me to begin by touching on the economic outlook for the developing world. Many developing countries have seen remarkable improvements in macroeconomic performance in the past few years. The positive growth trends in the developing world are broad-based, affecting all major regions. Sub-Saharan Africa, in particular, is experiencing its strongest growth and lowest inflation in over 30 years. Growth there should reach more than 6 per cent this year. In developing Asia, growth is expected to reach almost 10 per cent this year.

Developing countries have weathered the recent financial turmoil very well. This has been a phenomenon mainly of industrial countries. Some emerging market economies that are more integrated within financial markets or have high external vulnerabilities have felt some ripple effects of that turbulence, but the impacts have been much more muted than in previous episodes of financial turbulence.

Overall, the outlook for the developing world is favourable, although the risks are clearly on the down side. Our positive view is largely driven by the fact that developing countries are now in a better position than they were a decade ago, having reaped the benefits of the economic reforms and improved macroeconomic policies that they are pursuing. Governments have strengthened their public financial management and tax administrations; trade regimes are more open; and progress is being made to improve the investment climate. The need to fight weak governance and corruption is receiving more attention than ever before. Many developing countries are pursuing sustainable macroeconomic policies. The double- and even triple-digit inflation rates that we saw in the 1980s and 1990s seem well behind us, with average inflation rates down by almost one half since 1999 to an average of five-and-a-half per cent last year. In addition, many countries have been able to build considerable foreign exchange reserves and are better prepared to weather unexpected shocks.

There is also reason for some optimism about the impact of these developments on poverty reduction. The 2007 Global Monitoring Report, a joint product that we have with the World Bank, shows progress in reducing poverty across all regions. South and East Asia and Latin America seem to be on track to meet the income Millennium Development Goal by 2015, while emerging Europe, Central Asia, the Middle East and North Africa have largely eliminated extreme poverty. But the picture is different in sub-Saharan Africa where, regrettably, only a handful of countries are positioned to meet the income poverty goal, despite the considerable progress that they have also made. Of course, these average numbers can conceal differences in performance and vulnerabilities across countries, so it is important that the international community remains vigilant in every region.

While it is fair to say that many developing countries have improved their macroeconomic and social policies, thus living up to their side of the understandings reached at Monterrey five years ago, there is a clear need for the donor community to adhere more closely to the commitments made then, as well as at Gleneagles in 2005. Developing countries need more financial assistance. Official development assistance (ODA) has grown in real terms over the past decade, but much of that growth reflects exceptional debt relief operations. Total ODA actually declined in real terms last year, compared to 2005. As a result, fulfilling the commitments made at Gleneagles to double aid for Africa by 2010 will require a very rapid acceleration in aid disbursements, well above what is currently envisaged for the G-7.

Some positive signs are emerging, however, as several donor countries are making efforts to raise their aid budgets. In this regard, I welcome the recent commitment by the European Union to reach the overall aid target of 0.7 per cent of gross national income by 2015. In addition, the donor community is more aware of the need to improve the quality of aid and to put into practice the objectives of the 2005 Paris Declaration on Aid Effectiveness.

The Fund welcomes the emergence of a variety of players in the donor community, in particular, non-Development Assistance Committee (DAC) bilateral donors, global funds and private foundations. The non-DAC donors can make a real difference to the development effort, as their own experience allows them to bring a fresh perspective to it. Global funds and private foundations have access to non-traditional funding sources and are playing increasingly important roles; three per cent of ODA is now channelled through global funds, and donations from private foundations are estimated at between $10 billion and $25 billion a year. The initial experience with innovative financing mechanisms, such as the International Finance Facility for Immunization and the airline ticket tax, has also been positive.

The increase in the number and variety of donors highlights the importance of effective donor coordination to ensure that aid is well harmonized and aligned with country priorities. It is also important to increase the predictability of aid and, to the extent that countries are able to plan the timing and the size of aid flows, they can maximize their development impact and minimize or eliminate any unintended macroeconomic consequences.

Allow me to say a few words about the role of the IMF in helping countries to achieve the Millennium Development Goals. We have taken a careful look at our macroeconomic and fiscal policy advice to low-income countries to see how best to make use of aid when it is scaled up. I wish to highlight four major conclusions of this review.

First, the Fund must continue to help countries create and maintain a sound macroeconomic environment in which they can use aid fully and well. This involves the careful coordination of fiscal, monetary and exchange rate policies. But Fund-supported programmes will be designed from now on to support the full spending and absorption of aid and to allow a more even distribution of expenditures over time so that unpredictable aid shortfalls do not interrupt development expenditures.

Secondly, it is important that countries and their partners plan ahead. Medium-term fiscal and debt frameworks are critical to making maximum use of aid resources; the Fund, together with other donors, will work to strengthen countries' capacities to develop such medium-term frameworks.

Thirdly, over the medium term, countries should strengthen their own revenue efforts so as to become less dependent on aid. Key policies in this area are broadening the tax base and strengthening revenue administrations. Here, too, the Fund is providing technical assistance to member countries to enhance domestic resource mobilization.

Fourthly, improving the efficiency of aid-financed spending programmes will require a further strengthening of fiscal institutions, including public financial management systems. We have stepped up our technical assistance to low-income countries to help them make progress in these areas. We are also intensifying our efforts to improve our collaboration with donors. In this regard, I welcome the Secretary-General's recent initiative to establish an Africa Steering Group to speed up the implementation of the Millennium Development Goals. I was pleased to participate in the first meeting in September, and we look forward to making a practical contribution to the work of the Steering Group. The IMF, together with the DAC secretariat, is going to coordinate the work of the thematic group on aid predictability.

We realize that to be effective in our endeavours to assist countries to reach the MDGs, the IMF must remain a credible partner in the eyes of all its members, especially the developing countries.

Therefore, I am happy to say that progress is being made on the quota and voice reforms in the IMF. There is now a broad recognition among our members that these reforms should lead to an increase in the voting share for developing countries as a whole, and that was reaffirmed by the International Monetary and Financial Committee in its meeting just last Saturday in Washington.

Let me finish by saying that we consider that there are grounds for optimism about the prospects for reducing poverty in the coming years, thanks to the progress that has been made by many developing countries in reforming their economies and by donors in aligning and harmonizing their assistance. But it is also clear that the Millennium Development Goals cannot be reached without significant increases in donor financial assistance. Therefore we now sound our call to the international community to make the fulfilment of its commitments to increase aid become a reality.

The President: I now give the floor to Ms. Sendanyoye-Rugwabiza, Deputy Director-General of the World Trade Organization.

Ms. Sendanyoye-Rugwabiza (World Trade Organization): First of all, let me restate how important it is for the World Trade Organization (WTO) and our Director-General, Mr. Pascal Lamy, to be associated with this discussion.

Progress is being made on the Millennium Development Goals (MDGs), in which the Monterrey process has played a crucial role. But some regions, notably Africa, are certainly lagging behind, particularly with regard to some goals. The Millennium Summit vision can still be realized, but greater political resolve is needed for that to happen. We need to follow up on Monterrey and renew our engagement in the areas and objectives where progress is still lacking. Next year's follow-up Conference on Financing for Development in Qatar should be a milestone in the process.

I would like to focus on trade. My starting point will be the Secretary-General's report prepared for our meeting today. The Secretary-General is right in pointing out that trade has continued to grow and has helped to alleviate poverty in many regions around the world. Unfortunately, however, we have to admit that the opportunities and results afforded by trade are not shared by all. The importance of trade as a driver of growth is clear and a successful conclusion of the Doha Development Round is the major contribution that World Trade Organization can make to global efforts for poverty alleviation and development. This is where the WTO contribution to financing for development can be found.

So our challenge today and for years to come is to make sure that the new opportunities that will hopefully result from the Doha Development Agenda — whether we are speaking of duty-free and quota-free access to developed and developing country markets for the least developed countries or sharp reductions in agriculture subsidies in developed countries, whether we are speaking of cotton or the elimination of export subsidies, the disciplines on fishery subsidies or the new rules on facilitating trade — will translate into trade realities, both for the least developed countries and many developing countries.

The Secretary-General is also right when he warns against the pressure of protectionism. Today, I am pleased to report that negotiations started to move ahead again last July, when the negotiating groups in agriculture and industrial products put texts on the table through their Chairs. These texts have helped our members to realize that what has been achieved during the past six years and what is on the table today is quite substantial. They have certainly realized that what remains to be done is worth some additional effort and political push.

We have regained a good level of momentum in our work, and the challenge now is to accelerate that momentum in the days and weeks ahead, so that the necessary compromises can be reached. However, now more than ever, time is running out. Now is the time for political leaders to rise above the many doubts and difficulties and to truly focus on the broader picture. The challenge now is about leadership, about compromise, about countries recognizing their common interest in success and the collective costs of failure.

Finally, I would like to say a word about Aid for Trade. The WTO Aid for Trade programme is not linked directly to the negotiations. But there can be no doubt that for many of our members, in particular the least developed countries and many low-income countries, this programme is of enormous significance for their ability to expand their share and volume of world trade and to become more effectively integrated into the multilateral trading system.

Last month, in cooperation with the regional development banks, the World Bank and many other partners, including United Nations agencies and private sector organizations, WTO organized three regional meetings on Aid for Trade in Lima, Manila and Dar es Salaam. I believe these meetings have helped us raise awareness of the need to reinvest in the growth and trade agenda, and of the need for the development community to refocus on the growth agenda, if we are to sustain our poverty reduction effort.

I wish now to mention the key messages that resulted from the three meetings. First, it is important that trade ministers work more closely with finance and development ministers, if we are to succeed in attracting additional and more effective aid for trade. It is also clear that it is impossible to overstate the importance of a focused and sustained commitment to trade-led growth as a priority for development. Further, developing countries, especially the low-income countries whose trade capacity deficit is the largest, must agree on the two or three national priorities that they believe will impact most on their trade growth. It was also quite clear that not only does the private sector have a vital role to play but also Aid for Trade strategies will succeed only if they are driven by on-the-ground business experience and needs. And last but not least, consistent with the subject of this meeting, it was observed that predictability and accessibility of concessional financing is crucial.

The next step now is to build on the progress made and, accordingly, we are planning to have the first annual global review in the WTO General Council on 20 and 21 November, so that we can move to operational aspects, including through conducting a quantitative and qualitative evaluation in the true spirit of mutual accountability of our shared commitment to growth, poverty reduction and development.

Your support in this process is crucial, both within your capitals but also within the multilateral processes, to ensure that the Doha Development Agenda and Aid for Trade can and will deliver for the least developed countries and the developing countries.

The President: I now give the floor to Mr. Cheick Sidi Diarra, Special Representative of the United Nations Conference on Trade and Development at the United Nations Headquarters.

Mr. Diarra (United Nations Conference on Trade and Development) (*spoke in French*): It is a great pleasure and a privilege for me to speak today on behalf of Mr. Supachai Panitchpakdi, Secretary-General of the United Nations Conference on Trade and Development (UNCTAD), at this High-level Dialogue on Financing for Development. The full text of Mr. Panitchpakdi's statement is available in this Hall. I would like in particular to stress UNCTAD's participation, as one of the main stakeholders in financing for development, and I would like to analyse the challenges that face us in attaining the goals contained in the Monterrey Consensus.

The six priority areas identified in the Consensus have been the subject of active research and analysis on the part of UNCTAD, which has developed programmes for technical cooperation and consensus-building. For UNCTAD, this is a natural, essential commitment. In fact, for more than 40 years, UNCTAD has been a point of convergence within the United Nations system when it comes to dealing with problems relating to trade and development, as well as investment and finance, which are all questions that go to the very heart of the Monterrey Consensus.

The Twelfth United Nations Conference on Trade and Development, which will take place in Accra from 20 to 25 April 2008, will discuss the opportunities and challenges of globalization and its predictable effects on development. We all expect that the outcome of that conference will provide fruitful ground for the follow-up conference on financing for development that will take place in Doha in December 2008. These two crucial conferences should remind all institutional stakeholders and all Member States of the importance of their commitment to the United Nations mission to promote development.

(*spoke in English*)

The Monterrey Consensus highlighted the role of internal conditions for mobilizing resources, both public and private, in order to sustain adequate levels of productive investment. Indeed, harnessing domestic financial resources is important for accelerating economic growth, as well as reducing dependence on official development assistance (ODA) and associated conditionality's, thereby increasing ownership of the development process.

It should be emphasized that the development of domestic financial sectors requires active Government intervention, especially in poor countries. For example, UNCTAD has found that private savings in African countries are rarely held in the form of assets that can be easily transformed into productive investments, mostly because of the weakness of financial sectors. Effective channelling of such resources to productive investments is an essential element in domestic resource mobilization.

As shown in UNCTAD's *World Investment Report 2007*, foreign direct investment (FDI) inflows to developing economies last year reached a record high of $379 billion. FDI flows were at their highest level in Africa and throughout much of Asia. However, the share of least developed countries (LDCs) in total FDI to developing countries remained low, at around 2.5 per cent, in 2006. At the same time, FDI remained highly concentrated, with the top 12 recipients absorbing 70 per cent of the total inflows to developing countries.

FDI remains the largest component of external flows to developing countries as a group. But, in the case of the LDCs, official development assistance accounts for a greater proportion of external finance than FDI. The challenge is to ensure that ODA and FDI complement each other, for example in the context of improving infrastructure services. Another important trend is the continued increase of FDI from the South, which represents an increasingly important source of finance for development. Meanwhile, the growing role in the South's sovereign wealth funds engaging in outward FDI creates a whole new set of strategic assets for financing development.

Along with other stakeholders, UNCTAD is committed to upholding the United Nations Millennium Declaration and its goal of an open, equitable, non-discriminatory and predictable multilateral trading and financial system. UNCTAD's mission entails promoting trade as an effective instrument for the beneficial integration of developing countries into the international trading system. In recent years, international trade has made important contributions to economic growth in developing countries and has the potential for an even bigger impact.

The emergence of some developing countries as regional or global locomotives of trade and growth, along with a sustained expansion in South-South trade, is shaping what is now referred to as a new geography of international trade. These global trends, however, conceal many disparities within and among countries, especially LDCs, landlocked developing countries and small vulnerable economies, where poverty is endemic and participation in international trade is weak.

Priority areas to be addressed in the coming period include redressing asymmetries in the multilateral trading system through delivery of the Doha Development Agenda of the Doha Round negotiations; ensuring development coherence between the multilateral trading system and the proliferation of regional trade agreements; and sustaining and widening the dynamism in the new growth poles in the South.

Official development assistance is an essential complement to other sources of financing for development and embodies both a developmental and moral imperative that should not escape us. It is disappointing to note that in 2006, ODA from countries members of the Development Assistance Committee declined for the first time since 1997 to 0.30 per cent of gross national income, well below the universally endorsed target of 0.7 per cent.

Increasing South-South development finance cooperation raises important issues of international coordination, but it also widens the field of ODA sources and offers an opportunity for developing country borrowers and aid recipients to benefit from different development paradigms and less invasive conditionality's. To further improve the global financial and aid architecture, new players should have greater voice in the decision-making process of the international financial institutions. That would help to redress their exclusion from the system of debt rescheduling and set the scene for their active involvement in the relevant development cooperation forums.

As shown in the recent report of the Secretary-General to the General Assembly on the external debt crisis and development, the nominal value of the total external debt of developing countries increased in 2006 but decreased as a share of their gross national product. Debt-relief initiatives and favourable external conditions facilitated that reduction in developing countries' sovereign external debt with official and private creditors.

UNCTAD's research highlights the fact that the composition of the long-term debt of developing countries increasingly features bond debt and domestic public debt as more developing countries gain access to global capital markets. That poses new challenges for policymakers in developing countries, as well as for the international financial community, which needs to continue working on appropriate mechanisms for efficient and orderly bond-debt rescheduling.

Of persistent concern is the fact that the goal of additionality of debt relief has not been achieved. Nominal ODA less debt forgiveness remains at levels similar to those of the early 1990s and real ODA less debt forgiveness is well below the levels of 10 years ago. It is essential to reconsider the modalities and eligibility criteria for debt relief in a manner that ensures additionality and separates future debt relief for low-income countries from more critical ODA requirements.

Meanwhile, concerns also remain with regard to the debt sustainability framework for middle- and low-income countries. Until a more comprehensive system is developed, it is best that debt sustainability for development purposes be assessed on a case-by-case basis.

Finally, let me touch upon two aspects of the important systemic question, which, if not coherently addressed, will render the task of financing development through the channels I outlined earlier even more elusive.

The first pertains to the new situation in which the accumulation of reserves and reserve net capital flow means that the developing world is effectively lending to the advanced economies. That accumulation of reserves is seen by some observers as evidence of mercantilist policies, but concerned countries perceive that strategy to be driven by the need to self-protect against future currency and financial crises or to be able to deal with a possible banking crisis. In this sense, their strategy offers them double protection. First, in keeping exchange rates slightly undervalued and more competitive, these countries are able to avoid sudden jumps in their exchange rate, while overvalued exchange rates are difficult and often impossible to defend. Moreover, a slightly undervalued currency is consistent with lower, pro-growth domestic interest rates. Secondly, by accumulating ample reserves, they are ready to deal with possible market turbulence.

Furthermore, countries with a weak banking system may want to accumulate reserves to deal with a possible banking crisis. The fact that those strategies are favoured over the use of the protection mechanisms provided by the international financial institutions points to possible weaknesses in the international financial architecture.

Meanwhile, in the wake of the financial crises of the late 1990s, several developing countries found the post-crisis adjustment policy packages proposed by the international financial community to be intrusive in the sphere of governance and often ineffective. Such countries have since adopted pre-emptive policies aimed at minimizing the need for reliance on international bailouts in the case of future crises. That is partly driven by the perception that the major advanced economies are not fully committed to policies aimed at guaranteeing global financial stability. Such a situation risks marginalizing essential international financial institutions and leading to the adoption of second-best policies. That highlights the need for a truly cooperative global monetary system and a reform of the international financial institutions that would increase ownership of the policy prescriptions they advocate.

The President: I call on Mr. Ad Melkert, Associate Administrator of the United Nations Development Programme.

Mr. Melkert (United Nations Development Programme): We are at the halfway point in the great global campaign to address the unacceptable divide between rich and poor. The Millennium Declaration and the Millennium Development Goals (MDGs) have provided a global beacon for progress, but time is running out.

We have seen unprecedented levels of economic growth over the past five years, coupled with a decreasing proportion of people living on less than a dollar day from around a third in 1990 to about a fifth today. Those trends, if they continue, will mean that the global community will meet the flagship goal of cutting extreme poverty in half by 2015.

At the same time, those aggregated figures hide some deeply disturbing realities. As we enter the second half of the campaign, we see too many countries where progress is uneven or human development is actually declining, particularly in places ridden by conflict. Half the population of the developing world still lacks access to basic sanitation, and about 2 billion people have no regular access to reliable energy services. Over half a million women die each year from treatable and preventable complications of pregnancy and childbirth, and more than 15 million children have lost one or both parents to AIDS. On top of that, many people living in Africa, small island developing States and Central America, and millions in Asia who depend upon Himalayan river flows see their chance to escape poverty severely threatened by the effects of climate change.

Are those reasons to despair? On the contrary, many successful interventions, led by developing countries and supported by targeted donor contributions, have shown that social and economic exclusion are often human-made and can therefore be tackled by putting brains, organization and resources together with the determination to make poverty history.

So what does it take? It primarily takes the global partnership for development to strive for inclusive growth and to meet existing commitments to support. The Consensus agreed in Monterrey was a crucial cornerstone of that partnership. It identified the rights and responsibilities of all countries to act.

So now is the time to re-energize our collective efforts. The agenda for next year's meeting in Doha should set the direction for the second half of the MDG campaign. I would like to suggest seven essential outcomes that we should focus upon. The first is a clear and consistent MDG commitment as part of national development strategies; second, unambiguous recognition of MDG financing needs in macroeconomic and public expenditure frameworks; third, debt relief combined with human development investment strategies; fourth, stronger domestic resource mobilization where profits or wealth provide the basis for fair taxation; fifth, better aid predictability and coordination, including from the United Nations Development Group; sixth, a global trade system turned in favour of the poorest countries, which represents a crucial credibility test for everyone meeting in Doha, of all places. Those are six outcomes that have built upon different degrees of progress since Monterrey.

There is, unfortunately, less progress to build upon for the seventh outcome, which focuses on women's empowerment. These are the facts: a woman in a developed country faces a lifetime risk of 1 in 7,300 of dying during pregnancy or childbirth. For a woman in a developing country, the risk is 1 in 75; in Africa, it is 1 in 26. Primary education enrolment is on the rise, but many girls are still far from entering the world of learning. Next year will be the International Year of Sanitation; in many places, girls and women will be the last to benefit. Therefore, Doha could make a big jump forward if it subscribes to an outcome that recognizes the priority of support for women and girls as the ultimate key to unlocking the door to achieving the Millennium Development Goals.

Finally, I would like to suggest three elements that would enable the global community to distinguish Doha from Monterrey. The focus for moving forward should be on, first, tailored operational plans and commitments, rather than highly aggregated estimates; secondly, a breakdown of multi-year donor and domestic resource plans at country level, rather than the big figures that tend to overload many a final communiqué; and thirdly, the twinning of economic growth and human development in macro-economic and public expenditure frameworks, rather than suggesting that one could go without the other. Focusing on those elements will ensure that we emerge from Doha with a concrete, actionable framework for indeed achieving the MDGs by 2015.

The President: I call on His Excellency Mr. Nikola Špirić, Chairman of the Council of Ministers of Bosnia and Herzegovina.

Mr. Špirić (Bosnia and Herzegovina) (*spoke in Bosnian; interpretation provided by the delegation*): At the outset, let me express my appreciation for the opportunity to address such a distinguished gathering today.

It is well known that Bosnia and Herzegovina has to date not participated in such a high-level dialogue on financing for development. I therefore feel both pleased and obligated in equal measure.

I strongly believe that the United Nations is the best forum for discussing such an important matter. I feel that only such meetings as this provide exceptional opportunities to address and ultimately resolve such important issues as global economic development, improving living standards for millions of people around the world, combating poverty, combating HIV/AIDS and protecting the environment, with special emphasis on the influence that climate change will have on the future of humankind.

It is of the utmost importance that we find common ground and use such meetings to demonstrate the political will to secure as many resources as possible for the purpose of global development. Obviously, the challenges of our time will be better met if we streamline all of our efforts, instead of individual countries engaging in uncoordinated activities.

Accordingly, it is my firm belief that the only way to ensure a satisfactory level of financing for development is through a comprehensive approach, primarily mobilizing all available resources. Thus, it is apparent that the development of trade and investments is an essential component of such an approach. All must agree that we have to take responsibility for improving and enhancing our economic and social interdependence and sustainable development at all levels, including global, to ensure that our rich diversity serves as a foundation of our success.

It is also our obligation to influence and change our deeply rooted spending habits. I am afraid that existing consuming behaviour will not benefit the environmental cause. This planet is the only one we have, and we should therefore avoid the uncontrolled destruction of resources that leads to increased pollution.

My country, Bosnia and Herzegovina, will do its best to meet those goals. We are aware that our role in today's world is very limited, but I am convinced that we can and will make a contribution to global development. Let us all recall the United Nations Millennium Declaration, which states that, apart from being responsible for our individual communities, we also bear the collective responsibility to globally affirm the principles of human dignity, equality and justice. However, I strongly believe that Bosnia and Herzegovina can make its best contribution by undertaking measures for its own dynamic economic and social development.

We should not forget that my country needed assistance in the recent past, and that to a certain extent it still does today, due to its devastating economic collapse in the 1990s on a scale unprecedented among the Central and Eastern European nations since the end of the Second World War.

Regardless of that distressing past, which inevitably had harsh consequences for our economy and development, we in Bosnia and Herzegovina have already started to address the challenges of our time. I am referring to poverty reduction; the structural reforms necessary to make Bosnia and Herzegovina a vital, productive economy integrated into the world's markets; maintaining the macroeconomic stability that enables growth and development; reducing unemployment; attracting foreign direct investment; and ensuring the preconditions for sustainable and balanced economic development.

Free trade is one of the key elements of our development policy, and Bosnia and Herzegovina is doing its best to promote it. I am proud to say that Bosnia and Herzegovina has one of the most liberal trade regimes in the subregion and is striving to set up as many bilateral trade agreements as possible.

We are doing our best to implement all possible measures to protect the environment, including by ratifying the United Nations Framework Convention on Climate Change. Our efforts are focused on adjusting our legislation to be fully in line with relevant global requirements. It is obvious that a constructive, global approach to environmental protection is needed, for individual country efforts are insufficient.

The issue of environmental protection is very complex and sensitive. It is therefore very difficult, if not impossible, to satisfy both extremes: the necessity of economic development, on the one hand, and the necessity of environmental protection on the other. Members will agree that only underdeveloped regions are unpolluted. Our task is to try to harmonize those two extremes. It is not an easy task, but it is one to which we should all be committed.

I appeal to everyone to mobilize all available resources to contribute to sustainable development. There is no alternative. I assure the General Assembly that Bosnia and Herzegovina will do its best in that respect.

The President: I call on Her Excellency Ms. Hina Rabbani Khar, State Minister for Economic Affairs of Pakistan, who will speak on behalf of the Group of 77 and China.

Ms. Khar (Pakistan): It is a great honour and personal pleasure for me to make this statement on behalf of the Group of 77 and China at the third High-level Dialogue of the General Assembly on Financing for Development. We are confident that our deliberations at this High-level Dialogue and during the ongoing sixty-second session will catalyse our preparations for a serious and meaningful review of the implementation of the Monterrey Consensus and our endeavours to delineate a clear road map for future actions based on lessons learned and current and emerging realities.

Mr. Laing (Bahamas), Vice-President, took the Chair.

Like any review process, the fundamental questions before us are simple. What has happened thus far on the path decided at Monterrey? What has changed? Is the trajectory of change positive or negative? What should be done further to advance the implementation of the goals approved at Monterrey?

The Secretary-General and the President of the General Assembly, in a candid review of the Monterrey implementation report contained in document A/62/217, have conveyed a mixed picture, with weak progress in some areas and potential retrogression on other objectives of Monterrey. The Group of 77 largely agrees with that assessment. Indeed, we are of the firm view that Monterrey suffers from a serious implementation deficit.

Let me take this opportunity to present an overview of the global situation as perceived by the Group.

First, while some developing countries have exhibited dynamic economic performance, many countries remain mired in the vicious circle of poverty, lacking productive capacity and supply side constraints, dependent often on a single commodity, vulnerable to external economic turbulence, and unattractive for commercially driven investment. Many, if not most, are far from achieving the Millennium Development Goals (MDGs) in 2007 — the halfway mark of 2015 and the target date for achieving the MDGs.

Second, while there has been improvement in the external debt situation of the developing countries through improved debt management strategies and more intense international cooperation, the total external debt of developing countries has nonetheless increased in these years. Importantly, the conditions that led to the global debt crisis still exist. Many beneficiary countries may be led back into debt-creating financial circumstances.

Third and very important, the increase in official development assistance (ODA) remains well short of the 0.7 per cent target. In fact, it dipped last year to 0.30 from 0.36 in 2005, despite the publicity surrounding the G-8 summit, during which the doubling of aid flows was prominently promised.

Fourth, the continuing impasse in the Doha Round of trade negotiations has placed a big question mark over the credibility of the multilateral trading system and the multilateral trade negotiating process, particularly in the context of the commitments made to the developing countries. Clearly, answers need to be evolved on how development and trade goals can be reached within the context of continuing inequity and discriminatory constraints imposed by the present multilateral trading system.

Fifth, the level of development financing in many cases is less than the outflow of resources from the concerned developing countries due to growing trade deficits, the transfer of invisibles and capital flight. The flow of foreign direct investment is focused mostly on a small number of dynamic emerging markets, with most developing countries starved of investment finance.

Sixth, the global financial system continues to evolve in ways and in directions over which neither international institutions nor most Member countries have much influence or control. The developing countries certainly have little ability to influence financial trends, despite the fact that those trends have significant implications for their growth and development, not least due to the volatility of the situation. Perversely, in part to guard against that volatility, developing countries have accumulated large reserves that are transferred back to the deficit country. That has contributed to enlarging the net outflows of finance from the developing to the developed countries, which went up from about $533 billion in 2005 to $662 billion in 2006. Simultaneously, actual resource flows for development also declined.

Seventh, a global economic slowdown, perhaps even a recession, is feared in the wake of the recent turbulence in financial markets. Such turbulence was anticipated by some analyses within the United Nations as a consequence of the persistent global trade and financial imbalances of recent years.

The trends identified above and developments over the past several months, particularly in the international financial markets, point to both the deficit of implementation of the Monterrey Consensus and the issues that Monterrey was unable to adequately address. The unresolved challenges that we confront today in financing the development goals are likely to become more complex and difficult in the future, particularly in the context of the special financing and resource requirements that would enable the developing countries to meet the challenges of climate change.

The situation clearly calls for the redoubling of our efforts to arrest and reverse the disturbing trends through a genuine and enhanced global partnership for development. The Group of 77 and China suggests the following for consideration in the context of the preparations for the Doha Conference on Financing for Development.

First, for the majority of the developing countries, concessional development financing remains an essential input for the realization of the MDGs and other national development goals. A strong push, therefore, for enhanced ODA flows, particularly meeting the 0.7 per cent target, is an uncompromisable and absolute imperative. Moreover, to secure additional resources, serious and creative pursuit of innovative means of financing is also needed. Similarly, ensuring greater aid effectiveness would also allow the optimal utilization of the existing resources. In that context, the new Development Cooperation Forum of the Economic and Social Council, which brings together donors and recipient countries and civil society, should become the primary vehicle to strengthen aid effectiveness and aid accountability. The Forum should also examine the transaction cost of aid disbursement and the actual utilization of the allotted resources in the recipient countries.

Secondly, foreign direct investment plays a critical role in energizing the growth and implementation of development goals, especially in such sectors as infrastructure. Many developing countries lack the ability to attract the private investment flows required to finance such projects, which are fundamental to sustainable development. The United Nations system, in collaboration with other relevant stakeholders, should put together a plan of action at Doha to further enhance the ability of the poor and vulnerable economies to attract private and multilateral investments. In that regard, we should consider the introduction of international and national investment guarantee schemes, tax and other incentives, revised risk rating arrangements, and so on, to direct larger private investment flows to developing countries, which cannot attract such transfers through normal market mechanisms.

Thirdly, the welcome debt relief under the Heavily Indebted Poor Countries Initiative and the Multilateral Debt Relief Initiative may have released resources for development-related expenditure in the developing countries. However, those resources are completely inadequate to enable the developing countries to realize the internationally agreed development goals, including the MDGs. The gap in the availability of net concessional financing remains far too large. The situation clearly demands urgent, bolder and more encompassing initiatives to solve the external debt problems of the developing countries in an effective, equitable and development-oriented manner.

Fourthly, the Group of 77 and China supports a comprehensive reform of the international financial architecture, including enhancement in the voting powers of developing countries, within a specific time frame. The reform must also address the objectives for which the International Monetary Fund (IMF) was created: first, to ensure financial stability, and secondly, to ensure access to liquidity for those countries which actually need it. The Group of 77 and China will continue to press for such a fundamental reform of the international financial system and its governance architecture in all relevant forums.

The current attempts to reform the IMF address certain aspects of those challenges. Changes in the distribution of voting rights to reflect the new realities are needed immediately, but that alone will not resolve the fundamental problems of instability and unavailability of liquidity for those who really need it to generate growth and sustain development. The world needs to develop a strategic consensus on a comprehensive reform of the international financial and monetary system that encourages rapid, balanced and sustained growth and development in a globalized world economy. Reform must encompass liquidity creation, including special drawing rights, as well as ODA, debt, foreign direct investment and private investment.

Fifthly, in an integrated and globalized world economy, the developing countries are increasingly vulnerable to actions and policies originating in the developed countries over which they have little or no control whatsoever. That is particularly true for the innovative and complex financial products developed and introduced in the markets of the advanced countries. There is clearly need for stronger regulatory mechanisms and greater transparency in the management of such new products and innovative instruments and over the recent impact they have had on global financial markets, including in the developing countries.

Sixthly, the Group of 77 and China call upon the developed countries to demonstrate the flexibility and political will required to break the current impasse in the Doha Round of trade negotiations and to work towards their early resumption and timely completion, with the fullest realization of the development dimensions of the Doha work programme. In that context, it is important to recognize the mandates contained in the Doha Ministerial Declaration, the World Trade Organization General Council decision of 1 August 2004, and the Hong Kong Ministerial Declaration to meaningfully integrate the developing countries into the multilateral trading system.

In conclusion, let me reiterate that the Monterrey Consensus has not gone far enough towards conceiving a new system of financial governance that would serve neither to redress the imbalances and inequities of the past nor to address the challenges of the present and the future. We are confident that the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus will provide a platform to meaningfully address those issues based on lessons learned and experiences gained over the past few years.

Today, at this high-level event, we should focus on formulating a framework that will ensure the optimum at the forthcoming International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus, to be held in Qatar in the second half of 2008.

On behalf of the Group of the 77 and China, I assure the General Assembly of our commitment and active engagement in advancing the global discourse on financing for development and to work towards a results-oriented, negotiated and positive outcome of the Doha Conference.

The Acting President: I call on His Excellency Mr. Carlos Costa Pina, Secretary of State of Treasury and Finance of Portugal, who will speak on behalf of the European Union.

Mr. Pina (Portugal): I have the honour to speak on behalf of the European Union and to participate in this High-level Dialogue of the General Assembly on Financing for Development, which, on the road to Doha in 2008, is of importance for the follow-up to the implementation of the Monterrey Consensus.

The candidate countries, the countries of the Stabilization and Association Process and potential candidates align themselves with this declaration.

Among the main topics that I will address in my statement, the first concerns the Millennium Development Goals (MDGs). The international community finds itself at the mid-point on the road to achieving the Millennium Development Goals by 2015. We have seen significant regional progress in the achievement of the MDGs in Latin America, China and India, but recognize the challenges in attaining those objectives. In that regard, we have to note that progress towards the MDGs in Africa is still too slow. Fragile States face particular challenges in today’s globalized economy and in their efforts to reach the MDGs. In that context, we highlight the importance of addressing the special needs of fragile States, in particular their common situation of often being donor orphans.

Indeed, it is only through a truly collaborative spirit of partnership that the goals and objectives of the Consensus can be achieved. That collaboration is not limited to the more traditional actors in development financing, donors and recipients, but includes by definition all actors that have the potential to leverage development financing. The spirit of Monterrey must be kept alive and well.

Let me now refer to the European Union’s Efforts in this area. The European Union reiterates its commitment to the implementation of the Monterrey Consensus. In that regard, we will adopt a timetable for our member States to achieve the target of 0.7 per cent of their gross national income for official development assistance by 2015, with an intermediate collective target of 0.39 per cent of gross national income by 2006, which, we are pleased to say, the European Union has since surpassed.

The European Union has committed itself to improving aid quality and effectiveness. Before the 2005 World Summit, the European Union also set a new intermediate collective target of 0.56 per cent of gross national income for official development assistance by 2010. The European Union has also set new and ambitious targets for official development assistance for Africa. Those significant efforts have led to the Union's currently providing 57 per cent of global official development assistance.

The European Union has a long-term commitment to Africa, and the joint strategy to be adopted during the second European Union-Africa Summit in Lisbon in December will outline a long-term shared vision of the future of European Union-Africa relations in a globalized world. Further efforts by the European Union in relation to increasing the efficacy of our official development assistance include the recently approved European Union Code of Conduct for Development Cooperation, which seeks to increase complementarity and division of labour in development policy.

It is of extreme importance, however, to reinforce aid effectiveness. As agreed in Monterrey, Mexico, and reaffirmed in the World Summit Outcome, every country has the primary responsibility for its own development and the role of good governance, sound policies and national development strategies cannot be overemphasized in the achievement of sustainable development. Effective and sustainable domestic resource mobilization in developing countries, especially through the strengthening of the national tax base and the effective use of national resources, is essential. Gender equality is particularly relevant when attempting to make effective use of national resources.

Official development assistance is an important complement to domestic resources and other sources of financing for development. From a qualitative standpoint, the Paris Declaration sets out clear commitments for both donor and recipient partners in terms of national ownership, donor coordination and harmonization, alignment, results and mutual accountability. The High-level Forum on Aid Effectiveness taking place next year in Accra, Ghana, on that theme will be an important input to the upcoming Doha Conference.

In regard to developing innovative sources of financing, the value of which was recognized at the 2005 World Summit, various initiatives have been proposed and some are being implemented. The European Union welcomes the innovative sources of financing introduced and supported on a voluntary basis by some Member States, especially those health initiatives already on the way, such as the International Drug Purchase Facility's International Finance Facility for Immunization and the advanced market commitments initiative. Innovative financing mechanisms and solutions should also be further explored to finance environmental activities, particularly climate change-related activities in developing countries, including those related to the carbon market.

Foreign direct investment is also an important complement to domestic investments. In order to ensure continued and strengthened flows of foreign direct investment, efforts need to be continued to achieve transparent, stable and predictable investment climates. Public investments in basic infrastructure and the development of human capital and of institutional capacity are all relevant to sustained economic growth. The European Union also welcomes public-private partnerships and other mechanisms to promote foreign direct investment, and in that regard encourages good corporate governance and citizenship.

The European Union supports initiatives that increase the role and impact that the private sector can have as an engine for achieving the MDGs. In that regard, the good work being done by the Global Compact and the United Nations Fund for International Partnerships should continue to be supported.

Aid for Trade is critical to support the integration of developing countries, in particular least developed countries, into the world trading system and to use trade more effectively to reduce poverty. The European Union has recently approved its Aid for Trade strategy, which will ensure the quality of Aid for Trade, and strives to increase its collective expenditures on trade-related assistance to €2 billion per year from 2010.

The European Union has also been a frontrunner in putting in place the Enhanced Integrated Framework for Trade-Related Technical Assistance to Least Developed Countries, having pledged the majority of the funding for the multilateral Trust Fund and being the first major developed market to provide duty-free, quota-free access to least developed countries under its unilateral generalized system of preferences, via the policy known as Everything But Arms.

The promotion of development in the world also closely depends on debt-relief initiatives. Since 2005, European Union member States have provided large amounts of debt relief with a view to freeing up domestic resources to finance development priorities in order to achieve the MDGs. Last year, we witnessed important progress in deepening debt relief to the poorest countries through the implementation of the Multilateral Debt Relief Initiative by the African Development Fund, the International Development Association (IDA), the International Monetary Fund (IMF) and the Inter-American Development Bank. Indeed, the external debt position of low-income countries has improved in the past few years.

The ongoing Heavily Indebted Poor Countries (HIPC) Initiative can be qualified as a success. Nominal debt-service relief under HIPC to the 20 completion-point countries has been estimated to amount to $44 billion. That represents a significant effort by donors and shows, in particular, European commitment to debt relief for the poorest countries. We reiterate our commitment to fully compensate IDA for the costs of grants and of the HIPC Initiative, and we urge all donors that have not yet done so to fully meet their commitments regarding the financing of the Multilateral Debt Relief Initiative.

Debt sustainability remains a challenge to low-income countries. Creditors and debtor countries alike have a responsibility in ensuring long-term debt sustainability. The Debt Sustainability Framework of the World Bank and the IMF provides important guidance in that regard. As the primary responsibility for maintaining debt sustainability rests with the borrowing countries, we encourage each country to develop a comprehensive debt-management strategy. In addition, we urge all creditor countries to take debt sustainability aspects into consideration in their lending policies.

The European Union continues to support the efforts under way in governance reform at the World Bank and the IMF, including giving developing countries a stronger voice in decision-making. We believe that the two main goals are to ensure that the distribution of quotas adequately reflects the member countries' economic weight and role in the global economy and financial system and their ability to contribute financially. The European Union remains committed to ensuring the effective participation of developing countries and economies in transition in the international financial institutions. We recognize that governance reforms are essential to the continued effectiveness and credibility of those institutions and to fostering dialogue and cooperation among countries. Unstable conditions can cause disturbances to external stability. Therefore, the open-ended multilateral approach adopted by the international financial institutes to address global imbalances is the most adequate way to reduce such imbalances and sustain economic growth.

In conclusion, looking forward to Doha, the European Union supports a ministerial-level conference that follows the Monterrey format in terms of organization and the participation of stakeholders. The European Union could also support a ministerial declaration-style outcome focusing on the reaffirmation of the Monterrey Consensus and on how to promote its further implementation.

The EU would like to recall that we are at a decisive moment as we approach the Doha Conference in 2008, bearing in mind our commitments to reach the MDGs by 2015. Several initiatives and partnerships have been launched to speed up the progression towards the MDGs and the internationally agreed development goals. Let us take the advantage of the momentum and ramp up our efforts, in the true spirit of partnership enshrined in the Monterrey Consensus, to overcome our common obstacles and reach our common goals.

The Acting President: I call on His Excellency Mr. A.B. Mirza Md. Azizul Islam, The Honourable Finance Advisor of Bangladesh, who will speak on behalf of the least developed countries.

Mr. Azizul Islam (Bangladesh): I feel honoured to have the opportunity to speak at this High-level Dialogue on behalf of the least developed countries (LDCs).

The Monterrey Consensus marked a turning point in the approach to development cooperation. It encompasses a number of commitments by developed and developing countries. Since its adoption, some progress has been achieved. Nevertheless, one quarter of the global population still lives on less than one dollar a day. Income inequality is rising between and within nations.

The least developed countries are the most underprivileged. Unable to integrate themselves into the world economy in a meaningful way, they are threatened with marginalization. A number of them are slowly but inexorably sliding into a state of regress. Global support to them is far from adequate. The international community must stand by them. That, in our view, is the overarching goal of the Monterey Consensus. The Brussels Programme of Action for the LDCs is also based upon that core principle of global partnership.

International trade is supposed to be a driver of global partnership for development. However, LDCs cannot effectively gain from trade. That, to a significant extent, is because of a wide array of harmful subsidies, non-tariff restrictions, artificial standards imposed by importing countries, worsening terms of trade and highly volatile world prices. Those must be addressed.

The Doha negotiations should be concluded at the earliest. The special needs and interests of the LDCs must be placed at the heart of the Doha Round and its final outcome. Developed countries and developing countries in a position to do so should provide duty-free and quota-free market access for all products from LDCs without any restrictions. The trade capacity of the LDCs must be enhanced. The Aid for Trade Initiative should be operationalized immediately with sufficient additional funding. It should particularly support the LDCs in addressing their supply-side constraints and compensating the erosion of preferences that result from the most favoured nation tariff reduction.

Significant potential remains in the free movement of labour forces. We call upon the developed countries to liberalize their markets for all categories of service providers of the LDCs under Mode 4 of the General Agreement on Trade in Services. That will contribute to earning foreign exchange and alleviating the huge unemployment problem in the least developed countries.

Recently, the Multilateral Debt Relief Initiative and the Heavily Indebted Poor Countries Initiative have yielded some positive results. However, the overall external debt situation of the LDCs remains a source of concern. The resources released for development through debt relief in actual practice are insignificant. Debt relief has also not been additional to official development assistance (ODA). We therefore call for the full cancellation of all outstanding debt, bilateral and multilateral, of all LDCs forthwith.

We are deeply concerned to note that, exclusive of debt forgiveness, ODA from Development Assistance Committee countries in 2006 declined to the level of 1999. Developed countries must fulfil their commitment of 0.2 per cent of their gross national product to LDCs immediately. The qualitative aspect of aid must be addressed. Aid delivery should be aligned to the national development goals and priorities of the recipients. An effective partnership and mutual accountability between donors and recipients should be established.

New and innovative sources of financing can supplement the existing sources. Several projects have already been launched and various additional ideas are being discussed. Those deserve further attention. We believe that meeting the resources gap in the LDCs should be the central objective of the innovative financial mechanisms.

Foreign direct investment inflows into LDCs can be an extremely useful conduit for capital flows, technology transfer, employment generation and entrepreneurship development. We recognize that, in recent years, foreign direct investment has increased remarkably. However, the flow remains highly concentrated in a few countries. That needs to be reversed.

The Monterrey Consensus underscores the need to strengthen the coherence, governance and consistency of the world's monetary, financial and trading systems. The governance regime of the Bretton Woods institutions needs to be overhauled. The current reform efforts, by doubling basic votes, would not significantly change the distribution of power in the Bretton Woods institutions. The final outcome of the voting reallocations must result in a significant increase in the voting power of all least developed countries.

The global community must bolster its efforts to meet the financing commitments reflected in the Monterrey Consensus five years ago. The Follow-up International Conference on Financing for Development next year provides a significant opportunity for us. The idea of establishing an institutional arrangement under the auspices of the General Assembly for intergovernmental follow-up of the financing for development process deserves favourable consideration.

The Acting President: I call on Her Excellency Ms. Heidemarie Wieczorek-Zeul, Federal Minister for Economic Cooperation and Development of Germany.

Ms. Wieczorek-Zeul (Germany): I endorse the statement made by the Portuguese European Union presidency. I would just like to underline a few points and give the German perspective on certain issues.

Through the Millennium Summit and Monterrey — and I am fortunate and old enough to have participated in both events — we have developed a fundamentally new understanding of development cooperation, a shared understanding of a global partnership on equal terms involving all the countries of the world and working towards an inclusive and socially just trade globalization. In that spirit, the member countries of the European Union — as was outlined by my Portuguese colleague — have significantly increased their funding for development and will continue to do so. Within the framework of the European plan, the German Government will accordingly fulfil its financial obligations and the commitments it undertook at Heilingdamm during its presidency of the G-8.

As has been outlined, the Paris Declaration shows us the way to more effective cooperation by ensuring better coordination. The Code of Conduct will make for a better division of labour so that the financing can be used more to the benefit of developing countries. As the speaker before me mentioned, through debt relief provided in two ways — the Cologne debt relief of 1999 and the Gleneagles debt relief of 2006 — we have on the whole made available a total of $90 billion in debt that has been cancelled. Those funds have been freed up for poverty alleviation, for health and for education. It cannot be pointed out too often that, thanks to those debt relief initiatives, an additional 20 million children are able to go to school, have prospects, and enjoy opportunities and a better life.

At the replenishment conference for the Global Fund in Berlin in September, under the chairmanship of Mr. Kofi Annan, the German Government launched the Debt2Health initiative, under which former debt is turned into investment for health. I am very proud of that initiative. By the way, $10 billion have been collected and committed for the replenishment of the Global Fund. I would also commend the Global Fund because, since it was launched, it has saved about 2 million lives. That is one of the important tasks that we will sustain and where we will financially fulfil all the commitments that have been made.

As has been said by many of those who spoke before me, however, despite those huge successes we must not think that we can take it easy. The Secretary-General's mid-term review contains clear messages. Much has been achieved, but it is far from enough.

It is indeed true that, on the one hand, for the first time ever there are fewer than 1 billion people living in absolute poverty; but on the other, the number of starving people is still intolerably high. School enrolment rates have become much better, but there are still at least 77 million children not going to school. Time is pressing. If we do not take determined action now, we will not be able to achieve the Development Goals. They are firm commitments that we all made.

One thing is clear: either we will resolve global challenges through common action, or we will not resolve them at all. We need joint action based on responsibility shared by Governments and civil society, industrialized countries, emerging economies and developing countries, industry and business, individuals — every person is important — and organizations.

I believe that, as we prepare for the meeting in Doha — which we hope will send a signal regarding fulfilment of the commitments of the international community — there are major points that we must consider.

First, we must further reform the international financial system, which involves the issue of regulating hedge funds. It is interesting to see that the crisis in the financial markets that existed years ago in developing countries now exists in developed countries. That makes clear how great the task is.

Secondly, our promises alone are not enough; we must stick to the plan to gradually increase official development assistance. No one should say that the funds for that purpose cannot be found. The Swedish Institute for Security has told us that $184 for each man, woman and child in the world was spent on weapons in 2006. The Institute also tells us that, for just $20 per person, we could achieve all the Millennium Development Goals. It should be clear that it is possible to achieve them if we adjust our financial priorities.

Thirdly, the potential of innovative financing instruments is far from being exhausted. That is why the Pilot Group will present a political declaration on that topic this afternoon.

Fourthly, I would like to express my support for all those who have said that sustainable private investment is needed. More specifically, we need to provide women with access to financial means in order to promote their economic empowerment.

Fifthly, with regard to climate change and development goals, the most global of all challenges is climate change. We need to signal that halting climate change and tackling the millennium agenda belong together. We are told that the greatest threat in the twenty-first century is climate change. The developing countries have contributed the least to climate change — and here, I pay tribute to the speaker before me, the Finance Minister of Bangladesh — yet they are the ones suffering the most from its consequences. That is unfair, unjust and immoral. We must find ways to give all people hope and a perspective for the future and to simultaneously preserve the world's climate. The industrialized countries have a very special duty in that regard, and we must take it very seriously. New and just ways must be found.

Our country, Germany, has followed one of these new paths and plans to auction off carbon credits. Part of the revenues from such sales will be used for climate protection measures in developing countries. This new type of financing has huge possibilities. In that way, we are signalling that the discussion about climate change is not squeezing out the Millennium agenda; in fact, it is causing us to redouble our efforts.

In conclusion, I would like to associate myself with Eveline Herfkens, the Secretary-General's Executive Coordinator for the Millennium Development Goals Campaign, who has reminded us, "We are the first generation that can put an end to poverty. Please refuse to miss this opportunity."

The Acting President: I now give the floor to His Excellency The Honourable Mr. Errol Cort, Minister of Finance and the Economy of Antigua and Barbuda.

Mr. Cort (Antigua and Barbuda): My delegation supports the statement delivered by the State Minister for Economic Affairs of Pakistan on behalf of the Group of 77 and China. It welcomes the opportunity to participate in this High-level Dialogue on implementation, which we expect will set the tone for the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus next year. In 2002, the international community forged a Consensus that we hoped would deliver the scope and scale of financing necessary to achieve internationally agreed development goals. Five years on, there has been little to no progress for the majority of the countries and the people whom the Consensus was intended to help.

International finance structures and systems are significantly more complex today than five years ago. Perhaps it is time for us to get back to the basics, refocus on the original intent and purposes of the Monterrey Consensus and match the means to the objectives. Perhaps then we can make greater progress with implementation at the country level.

Foreign direct investment remains — in many respects and for many countries, including my own — the bedrock source of development finance. For foreign direct investment to lead to development, much depends on the nature of the relationship between companies and the domestic environment. Our challenge remains one of broadening the focus beyond the bottom line to include stimulating the job market and generating revenue, leading to a positive impact on standards of living. We must do a better job of directly linking foreign direct investment with greater levels of standards of living.

On its own, foreign direct investment does not lead to growth and development. It is therefore imperative that such investment be placed within the broader sustainable development context. That has not occurred enough over the past five years.

Investors hedge their risk, and, in so doing, they often choose to look to capital markets that are less risky than small island States and other small, vulnerable economies. The international system should help such countries manage risks by, for example, lowering risks for investment in physical infrastructure projects and providing capacity-building support to create the necessary regulatory framework.

The declining flows of official development assistance to the Caribbean region over the past decade have significantly compounded our development dilemma. Financing appropriate policy responses to challenges created by international and global factors is extremely difficult. Small, vulnerable economies have few options with regard to a trade-led growth strategy. Experts point to trade diversification, occupying higher value-added points in the production and supply chain, and infrastructural development as vital to such a strategy. Yet, Antigua and Barbuda's attempt to bridge the financing gap through diversification in the service sector has been extremely frustrating, owing to the unfair trading practices of major players.

In addition, the proliferation of regional trading agreements has been met with mixed feelings. I believe, however, that the persistent failure of the international trading system forces our countries to look inwards and rely more and more on bilateral and regional trading agreements. We have no choice; the international trading system continues to fail us, the big and more powerful players continue to bully us, while development goals remain illusive.

For us, the single most pressing international financial challenge remains reducing the country's external debt to a sustainable level. It is extremely challenging for us to make mid- to long-term development plans, backed by sound economic growth forecasts, in the face of persistent levels of unsustainable debt. It also challenges our ability to accurately forecast social spending beyond the short term.

The Secretary-General's report rightly points out that a sizeable portion of the world's poor — some 41 per cent — lives in middle-income countries. Yet, woefully insufficient attention has been paid to the unsustainable debt burden of these countries. If this situation persists, there is the possibility that today's middle-income countries will become tomorrow's low-income countries.

In this regard, my delegation calls on the international financial community to demonstrate a greater awareness of and sensitivity to the significant debt challenges facing many middle-income countries, especially in the Caribbean region, where the challenges are primarily precipitated by the vulnerabilities associated with small island economies. We further encourage the international community to be more creative in developing instruments to specifically assist middle-income countries that do not qualify for International Development Association funding, but continue to experience significant development challenges as a result of their high debt overhang.

For several years now, we have been talking about harnessing the power of globalization for the common good of humanity. Yet there are alarmingly high levels of inequality of income and wealth within countries and among countries. Globalization has been fuelling this divergence, making economic inequality and social exclusion more of a problem today than it was five years ago.

Closing the income gap is closely linked to closing the technology gap among countries. It is my delegation's view that any serious review of the Monterrey Consensus must address the steps to be taken to scale up technology transfer to developing countries through adequate provision of financing for information and communication technology and other clean technologies.

It is lamentable that, five years after the adoption of the international compact that was crafted at Monterrey, significant imbalances in the international financial system remain, and that these imbalances militate against the efforts of developing countries. Simply put, we will not be able to achieve our development goals without significant changes in the structures that govern international finance.

At issue is the level of voice and representation of developing countries in the structure of international economic and financial governance. If this situation does not change swiftly and decisively, in five to ten years we may be back here examining the failures of the international community to deliver on the Millennium Development Goals.

The Acting President: I now give the floor to His Excellency Mr. Baledzi Gaolathe, Minister of Finance and Development Planning of Botswana.

Mr. Gaolathe (Botswana): Sir, let me start by commending the President of the General Assembly for convening this High-level Dialogue and for thereby providing Member States with a platform to exchange views on key issues pertaining to our development agenda. The President's leadership is valuable because of the significance of the subject not only to our overall development agenda but also in the context of the revitalization of the General Assembly.

I also wish to express our gratitude to the Secretary-General for his informative and analytical report (A/62/217). His continuing commitment to the important matter of financing for development is critical for the success of the United Nations in stimulating the international community to implement a robust global development agenda.

The theme for this High-level Dialogue, "The Monterrey Consensus: status of implementation and tasks ahead", is particularly relevant as it will allow Member States to prepare for the implementation review of the undertakings we made in Monterrey in 2002. When we met in Monterrey at that time, we undertook to eradicate poverty, achieve sustained economic growth and promote sustainable development, with the objective of creating an inclusive and equitable world order.

Another important issue is that the Monterrey Consensus emphasized the importance of internal mobilization of savings in the public and private sectors in order to sustain productive investment and enhance capacity-building. In Botswana, we have responded by ensuring prudent macroeconomic management and by using national development plans to guide our resource allocations from the short to medium term. We have also consistently allocated more than 20 per cent of our budget towards educational and training expenditures, thereby achieving universal access for our young people to 10 years of basic education.

At Monterrey, we expressed concern that the shortfall in the flow of resources for development would undermine the achievement of internationally agreed development goals, including the Millennium Development Goals (MDGs). This concern remains valid, especially given that many members of the donor community are not fully honouring their commitments, in spite of the fact that we collectively set targets and recognized the importance of a coherent and coordinated international approach in the mobilization of resources for development. Developed and developing countries committed themselves as partners in development to work together in ensuring the effectiveness of official development assistance (ODA).

As we meet here today, we have a major responsibility to seriously take stock of progress made in the implementation of commitments agreed in Monterrey. Indications are that, at the current level of development resource flows, it will be difficult for many developing countries, especially in sub-Saharan Africa, to achieve the MDGs, notwithstanding the region's recent strong performance, with expected growth of 6.5 per cent in 2007 and a positive outlook for 2008.

Although we must all be concerned that despite recent commitments by developed partners, the current and projected levels of ODA for the period 2006 to 2010 still falls far short of the Monterrey target. We must commend Member States that have met the target of 0.7 per cent of gross national income for ODA and encourage those that have not yet done so to make concerted efforts to achieve that target, in view of the fact that we are midway to the MDGs target date of 2015.

In our pursuit of global development and in our efforts to eradicate poverty and disease, including HIV/AIDS, we must recognize that international cooperation and collaboration are critical for our success. In that regard, there should be no room for abject poverty and opulence to exist side by side if we can successfully achieve the MDGs and other relevant development targets.

We are not simply advocating an increase in the flow of resources but effective official development assistance to ensure sustained development. In that respect, the Paris Declaration on Aid Effectiveness is a clear manifestation of our collective determination to ensure that aid is used meaningfully to fight poverty and disease and, above all, to achieve sustainable development through global partnerships. Botswana is committed to the implementation of the Declaration. There can be no doubt therefore that the review of the Monterrey Consensus next year must of necessity take into account the new architecture of initiatives aimed at improving the effectiveness of ODA. It must also be pointed out that many developing countries on the African continent and elsewhere have considerably improved their macroeconomic management.

The Monterrey Consensus identified trade as an engine of economic growth and development and called for its liberalization. In that regard, the Aid for Trade Initiative is very important and deserves adequate and predictable resources to support developing countries such as Botswana to, inter alia, overcome adjustment challenges resulting from the loss of trade preferences.

Botswana fully accepts that each country has the primary responsibility for its own development and that prudent financial management, sound macroeconomic policies and political stability are essential elements for such development. In that regard, Botswana's long-term vision — Prosperity for All by 2016 — is testimony to our commitment to embrace the MDGs in addressing the challenges facing our country. In doing so, we welcome the critical importance of international support and cooperation.

Over the years, Botswana has made considerable progress in its national development efforts with the generous support of many countries, some of which are represented here. This led to Botswana being classified as a middle-income country. Nevertheless, as a developing country we continue to face some major challenges in areas including sustainable economic diversification, employment creation, fighting HIV/AIDS, rural development, private sector development and unfavourable climatic conditions. These challenges are not insurmountable, but they will require continued commitment to macroeconomic stability, prudent financial management and good governance.

At independence, we were one of the 25 poorest countries in the world, but we have since moved to our current status of a middle-income country, with a per capita income of almost $6,000 in 2007. And though our economy grew rapidly, at a rate of about 9 per cent per annum over the last 40 years, that growth has recently slowed down and must be improved. It is also worth noting that poverty rates declined from 59 per cent in 1985-1986 to 47 per cent in 1994-1995 and to 30 per cent in 2002-2003.

We are convinced that, with continued international assistance and collaboration designed to support various policy interventions and some of the planned major development projects, we can prevent a reversal of the gains of the past decades and can consolidate our achievements, thereby placing our country firmly on the sustainable development path. In our view, the upgrading of any country to a middle-income bracket should not automatically and immediately preclude it from concessionary funding before it can consolidate its development gains. Such countries should be progressively weaned through a blend of funding that is customized to meet their needs and to ensure a smoother transition.

As a middle-income country, we have had the unfortunate experience of being abandoned by the donor community at that critical transformation stage. This policy of immediately denying middle-income countries concessionary funding is clearly not in anybody's interest and has to be reassessed immediately, especially given such countries' increasing expenditure on social obligations, such as providing funds for the fight against HIV/AIDS, and their need to cover the infrastructure development gap that still exists.

In that regard, we welcomed the convening of the first and second Intergovernmental Conferences on Middle-Income Countries, held in Madrid in March 2007 and in El Salvador in October 2007, respectively. The objective of the meetings was to discuss the challenges facing middle-income countries and how the international development system should respond. As participants are aware, in El Salvador it was agreed, among other things, that support for middle-income countries must be strengthened and new and innovative cooperation mechanisms must be developed to bolster the efforts of those countries.

Secondly, it was agreed that the international cooperation system must provide support for middle-income countries in their development efforts to consolidate their achievements as they move forward and to avoid reversals, recognizing not only the intrinsic importance of the countries included in that category but also the positive impact that their development can have on the international system as a whole. Thirdly, it was agreed that the diversity of conditions and needs of developing countries makes it advisable to consider additional criteria besides per capita income for a more appropriate and targeted allocation of international cooperation resources within the framework of the alignment and harmonization of international cooperation.

Those issues are crucial to the development of middle-income countries. It is important, therefore, that the 2008 Monterrey Consensus review conference recognize the special challenges of middle-income countries and come up with the necessary measures to address them. The United Nations should provide leadership in ensuring that this category of States is not left out in the implementation of the United Nations development agenda. It is our hope and experience that this High-level Dialogue will concretely contribute to the preparations for the review conference in Doha.

The Acting President: I now give the floor to His Excellency Mr. Davoud Danesh-Jafari, Minister of Finance of the Islamic Republic of Iran.

Mr. Danesh-Jafari (Islamic Republic of Iran): At the outset, I would like to express my appreciation to the presidency for convening the High-level Dialogue on Financing for Development.

We are on the road heading to the attainment of the Millennium Development Goals (MDGs) by 2015. In order to achieve the MDGs, much remains to be done by national Governments, as well as by the international community, in terms of financing for development.

The developing countries urgently and undeniably need a favourable global environment to pursue their development goals. I take the opportunity here to refer to several parameters which affect development activities. Official development assistance (ODA) is seen as one of the main components of the internationally agreed development goals, including the Millennium Development Goals. Developed countries which have not done so should allocate 0.7 per cent of their gross national income (GNI) to ODA, based on their long-standing commitments, which were reaffirmed in Monterrey. It is a source of concern that, despite those commitments, ODA declined between 2005 and 2006 and is expected to continue to fall slightly in 2007, as debt relief declines.

It is widely recognized that trade is an engine for development. Slow progress in multilateral trade negotiations and lack of appropriate multilateral agreements, as is now the case, will not help the international community boost economic growth and eradicate poverty worldwide. In such circumstances, strengthening bilateral and regional cooperation, especially among developing countries, is a viable and attainable solution.

According to the report of the Secretary-General on financing for development (A/62/217), despite the lack of appropriate physical infrastructure and the trade facilitation bottlenecks, the level of trade among developing countries increased from $577 billion in 1995 to $1.7 trillion in 2005. That is a threefold increase and a promising sign for development. It is obvious that regional trade and cooperation among developing countries should not be seen as an end in itself. It is simply a means to achieve faster growth. North-South as well as triangular cooperation remain crucial to improving the world economy and development activities. All States, particularly the developed ones, should make utmost efforts to continue and eventually conclude the ongoing negotiations on international trade successfully.

The international financial institutions have not yet succeeded in introducing effective plans and decisions to help developing countries tackle their economic and financial problems in order to achieve their development goals. In addition, the politicization of those institutions has been detrimental to their credibility and harmful to the development plans and activities of the developing countries and runs counter to the content of the articles of agreement of the institutions.

My delegation believes that the provision of adequate financial and technical assistance to recipient countries is required — taking into account their social and economic structures as well as the decision-making processes of the international financial institutions. We therefore firmly support appropriate structural reforms in the work of the Bretton Woods institutions. Among other things, strengthening participation and increasing the voting power of the developing countries in the process of decision-making and norm-setting are required so as to create a favourable global environment for sustained economic growth and sustainable development.

My Government welcomes various proposals and initiatives at all levels to identify innovative sources of financing for development as new tools to achieve development goals. However, we believe that such proposals or initiatives should not, directly or indirectly, undermine the interests of developing countries or hamper the process of development in those countries.

Adequate and stable financing, at both national and international levels, remains a prerequisite for development in developing countries. Thus, the Follow-up International Conference on Financing for Development, scheduled to be held in 2008 in Doha, should consider ways and means, including the establishment of an effective mechanism, to expedite and ensure timely implementation of the commitments made in Monterrey, particularly the target of 0.7 per cent of GNI for ODA by the developed countries.

The Islamic Republic of Iran has made considerable financial and technical contributions to other developing countries through bilateral channels, as well as to international funds and programmes on a voluntary basis. My country is an active member of the Organization of Petroleum Exporting Countries (OPEC) Fund for Development. The Fund, from its inception in 1976, has allocated more than $9 billion to the sustainable development activities of low-income developing countries.

Furthermore, during the thirty-second annual meeting of the Board of Governors of the Islamic Development Bank, held on 29 and 30 May 2007 in Dakar, the Iranian delegation made a pledge of $100 million dollars to the recently established Poverty Alleviation Fund for developing countries.

The meeting was adjourned at 1.10 p.m.