United Nations A/58/PV.48

General Assembly

Fifty-eighth session

Official Records

48th plenary meeting
Thursday, 30 October 2003, 9.30 a.m.
New York

President: The Hon. Julian R. Hunte . . . . (Saint Lucia)

The meeting was called to order at 9.40 a.m.

Agenda item 104 (*continued*)

Follow-up to 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/58/216 and A/58/323)

Note by the Secretary-General (A/58/436)

Report of the Economic and Social Council (A/58/3, Parts I-II)

Summary by the President of the Economic and Social Council and notes by the Secretariat (A/58/77 and Add.1 and Add.2)

Conference Room Paper (A/58/CRP.2)

The President: The Monterrey Consensus, adopted by the International Conference on Financing for Development reflects the critical decisions we took at the highest political level to address the challenges of financing for development around the world, particularly in developing countries. It also lays out the objectives we set for this purpose.

Monterrey's distinctive approach of bringing together all the parties involved in the financing for development process has made it possible for key cross-sectoral issues in trade, finance and development to be addressed comprehensively. The Consensus has been widely acclaimed as a new and workable approach to development financing, and an important guide for joint action at the national, regional, international and systemic levels in this critical area. That accounts for the commitments made and the priority pledged for implementation of the courses of action of the Consensus.

At Monterrey, we ensured that implementation and follow-up of such a key document as the Consensus would not be left to chance. We must now begin our biennial process of assessment and forward planning in the area of financing for development at this two-day High-level Dialogue. Our theme, "The Monterrey Consensus: status of implementation and tasks ahead", gives us clear direction on what is expected of us.

We have worked well in this follow-up process. Reports are that all of yesterday's ministerial round tables dealt forthrightly, frankly and effectively with the issues at hand. I commend all the round-table participants. Civil society and business sector panels also had productive sessions on 27 October. Undoubtedly, those prior deliberations will inform our discussions here today.

I believe that pragmatism must now inform our high-level segment so that we may realistically assess

03-58675 (E)

0358675

both the progress we have made and the urgency with which we must proceed with the tasks ahead. By any yardstick, our assessment report is a mixed one. On the positive — and, I must say, commendable — side, we saw an increase of some 4.8 per cent in development assistance immediately following the Monterrey Conference. Some donor countries have reached the United Nations official development assistance goal of 0.7 per cent and have committed to reaching 1 per cent during the period 2005 to 2006. Others have set time frames — for example, 2012 — to reach 0.7 per cent. The European Union has decided to collectively raise official development assistance levels to 0.39 per cent of gross national income by 2006 as a first step towards the 0.7 per cent United Nations goal. There are also promising signs that other countries may increase their official development assistance but may still fall short of the 0.7 per cent target. In that regard, it is interesting to note that it is among the same group of countries that usually fund development activities that pledges are being made for significant increases in official development assistance.

There are nascent and encouraging signs pointing towards the resolution of the debt crisis, with ideas such as a comprehensive, statutory approach to restructuring the external debt of Governments and the use of collective-action clauses now being discussed.

For their part, many developing countries and countries with economies in transition are working towards creating an enabling environment at the national level by strengthening economic governance and enhancing democratic participation, as called for in the Monterrey Consensus.

Overall, however, the other side of our report card has not been encouraging. Net private financial flows to a significant number of developing countries have declined or are negative. There is little change with respect to challenges such as lack of market access, special and differential treatment, debt, the deteriorating situation of commodity-dependent countries, protectionism and agricultural subsidies, and the lack of participation by developing countries in the decision-making of international financial institutions. Further, much more needs to be done to reach the additional $50 billion in official development assistance needed annually to meet the Millennium Development Goals. The failure to make tangible progress in trade relations at Cancún put us no closer to our quest for a level playing field and enhanced opportunities for developing countries.

In some instances, special circumstances have hampered progress in meeting the objectives of the Monterrey Consensus. Civil strife and military conflict, for example, are hindering development in a number of the most vulnerable countries and populations. Basic health care also remains alarmingly inadequate in a large number of countries.

In this high-level segment of our Dialogue, we should openly and frankly discuss all the issues that present a challenge to the successful implementation of commitments and agreements reached at Monterrey, be they at the national, international or systemic level. If we are to effectively use it, we must be forthright in asking ourselves pertinent questions in order to arrive at pertinent responses.

For example, is the United Nations system positioned to have an adequate impact on the development funding process? Have sufficient steps been taken towards improving coherency and efficiency among donor agencies? Regarding partnerships, have sufficient efforts been made to engage civil society and the private sector both nationally and internationally? And, with respect to the General Assembly and the Economic and Social Council, what should be their role in tracking progress made and in proposing further steps aimed at implementing the commitments and agreements made at Monterrey?

I pose those questions because I believe that the answers are of central importance to our tasks ahead. I also pose them in the hope that they will assist us in identifying some of the pertinent issues we must take up and address in our interactive discourse so that we may move decisively forward and effectively implement the Monterrey Consensus.

I now call on Mr. Kofi Annan, Secretary-General of the United Nations.

The Secretary-General: One stark fact should be on our minds throughout this timely Dialogue: in 2002, for the sixth consecutive year, developing countries made a net transfer of resources to other countries. Moreover, last year's was the largest such negative resource transfer ever: $200 billion. We have just heard the President speak about this issue.

Of course, this is a complex question. Aggregate numbers can mask varied performance, and there is some good news here and there. But, even taking all subtlety and nuance into account, the overall result defies common sense. Funds should be moving from developed countries to developing countries, but these numbers tell us the opposite is happening. Funds that should be promoting investment and growth in developing countries, or building schools and hospitals, or sponsoring other steps towards the Millennium Development Goals, are instead being transferred abroad. Despite promising investment opportunities in the developing world and improved economic policies, fear and uncertainty are keeping resources from being deployed where they are most needed.

If what we say about financing for development is not to ring hollow, if financing for development means anything, we must reverse this negative balance sheet and fix the system so that all countries, and all people — especially the poorest — can benefit.

That is the goal that brought us all together in Monterrey last year. Given the dramatic events we have lived through since then — from the war in Iraq and its aftermath to the setback in trade negotiations at Cancún — the Conference might seem a world away. Therefore, it strikes me as useful, amidst the current global divisions, to recall some of the spirit that prevailed just 18 months ago.

Certainly, Monterrey was not free of tension and disagreement, but we did achieve real breakthroughs there. The one most people remember concerned official development assistance: new commitments made in Monterrey reversed a troubling and devastating decade of decline or stagnation. But let us not forget Monterrey's other messages.

First, the process broke new ground in bringing together, under the umbrella of the United Nations, all the relevant stakeholders — not the least of which were different ministries within the same Government — to improve policy coherence.

Secondly, Monterrey cemented a view of poor people and poor countries as partners in the development process, as untapped reservoirs of initiative, not objects of pity.

And thirdly, perhaps most important of all, both developed and developing countries acknowledged their mutual responsibilities and mutual accountability, a welcome departure from the polarizing practice of pointing at what others are not doing.

The result was a new approach to dealing with issues of development finance, an approach we must sustain. My report on implementation of the commitments and agreements made at Monterrey (A/58/216) was issued several weeks ago. I hope you are ready to improve on what is very much a mixed report card.

While official development assistance has increased, it is still far short of what is required to meet the Millennium Development Goals.

We have all seen what trade can do to create jobs and wealth, but we also know how subsidies and tariffs are stifling the ability of poor countries to compete fairly in the international trading system and trade their way out of poverty. Foreign direct investment in the developing world, already concentrated in fewer than a dozen countries, is down. Too many developing countries continue to carry too much debt, making it clear that the assumptions behind the Heavily Indebted Poor Countries Debt Initiative were in many ways overly optimistic and suggesting the need for an international framework for debt restructuring.

Too many remain vulnerable to swings in commodity and financial markets, underscoring the need to strengthen the international financial architecture. And too many remain excluded from meaningful participation in the decision-making processes of key international bodies on economic, financial and trade issues — a democratic deficit that undermines confidence and impedes progress.

There is no shortage of urgent work ahead in each of these areas, and I have made recommendations to help point the way forward. I have also called for steps to help us get more out of the annual spring meeting among the Economic and Social Council, the Bretton Woods institutions and the World Trade Organization (WTO). That meeting needs better and more focused preparation if it is to fulfil the special role given to it by the Monterrey Consensus as a guardian of coherence, coordination and cooperation.

Ultimately, progress depends on leadership, leadership that can overcome domestic constraints, that recognizes the deeply fused fates of the world's peoples and that is committed to multilateralism as the pragmatic path to shared prosperity.

We are here again in one room — ministers and senior officials of Governments and multilateral institutions responsible for finance, trade, foreign affairs and development cooperation, along with representatives of civil society and the private sector and other key stakeholders. We face an uncertain economy, wide-ranging social distress and faltering trade negotiations, which need a real jump-start at December's WTO talks in Geneva. We must stay together, stay engaged, and make this process work.

The President: I now give the floor to Mr. Gert Rosenthal, President of the Economic and Social Council.

Mr. Rosenthal (President of the Economic and Social Council) (*spoke in Spanish*): This is an important event and I am very happy to be participating here in my capacity as President of the Economic and Social Council.

This event is important because I am convinced that the International Conference on Financing for Development was the single most significant contribution that the United Nations has made, throughout its history, to the development effort. Only the United Nations, with a little help from its friends, would have been able to convene a meeting attracting so many heads of State or Government with a view to placing development at the highest level of the international agenda. And perhaps only a United Nations conference could have produced a road map for development that was as lucid as the one contained in the Monterrey Consensus, built on the foundation of the Millennium Declaration.

Not only was great impetus given to development on the international agenda but the Consensus went far beyond rhetoric in indicating the tasks to be carried out, who should carry them out, how the responsibility of each country should interact with the responsibility of the international community and how we should organize ourselves with a view to the Consensus' relevant implementation. The emphasis on relationships — between Governments and civil societies, between the United Nations and the main multilateral organizations and between ministries for foreign affairs and their colleagues in the economic ministries — is imbued with the spirit promoted by our Charter. The Monterrey Consensus clearly offers guidance for those formulating policy at the national and international levels and establishes a follow-up mechanism. It is precisely this mechanism that we are now seeking to perfect.

It may be recalled that paragraph 69 of the Monterrey Consensus establishes the necessary elements for monitoring and follow-up activities. The Economic and Social Council held its first post-Monterrey spring meeting last 14 April with promising results. You will find my report on this meeting issued as document A/58/77 of 9 May 2003. The general thrust of our dialogue, as befits the mandate of the Economic and Social Council, was to increase coherence, cooperation and coordination of all stakeholders for the implementation of the Monterrey Consensus. Another way of describing this thrust is to define who does what and how to work together. We had a fruitful dialogue, both at the level of our respective intergovernmental representatives and between our respective secretariats and staff. A notable innovation in the spring meeting was the presence, for the first time, of an intergovernmental representation of the World Trade Organization (WTO).

We note that, as in all complex processes, we have experienced progress and also setbacks. Certainly, the results of the World Trade Organization Ministerial Conference in Cancún fall into the latter category, but we must persist. If we work together, we will prevail. I am sure that I represent the feeling of all member countries of the Economic and Social Council when I pledge that, for our part, we will do all in our power to play the role assigned to us in the Monterrey Consensus, including the possibility, when road blocks appear, to help illuminate the way forward.

The President: I now give the floor to Mr. James Wolfensohn, President of the World Bank.

Mr. Wolfensohn (World Bank): This, for the World Bank, is an historic occasion because I believe it is the first time that the President of the World Bank has addressed the General Assembly on any subject. It is, of course, significant that we should be together on the subject of financing for development, a subject that unites us and a subject on which the partnership that we have is being tested and proven each day. We are particularly glad to be here, and I am delighted to be here in the presence of the Secretary-General, whose leadership in these matters is so important and so crucial to the approach for a better world, for a peaceful world and for a world in which development can take place.

As we review the results of the Monterrey agenda to date, we can look at, as the Secretary-General just said, the consensus that was reached in Monterrey and we can address where we have progressed in terms of the work of both the developed and the developing countries in their undertakings given at Monterrey.

Let me say by way of early observation that we are enriched in the way in which we can address how far we have gone on development by the various meetings that have been held by this body beyond Monterrey — the work on environment, the work on gender and the work on social issues — all of which have given us an agenda in the international financial institutions that is enriched by the observations of this body and its partners.

Coming to the question of where we are, we have to address rather simply the undertakings that were given by the developed and the developing countries. The developed countries indicated that they would follow the actions of the developing countries. If the developing countries addressed the questions of strengthening capacity, strengthening the legal, judicial and financial systems, and fighting corruption, all of which were undertakings that were given in Monterrey and reaffirmed, in the case of Africa, in the New Partnership for Africa's Development (NEPAD), in return, the wealthy countries indicated that they would assist in capacity-building, provide additional development assistance and open their markets for trade.

Some progress has in fact been made on both sides. The countries that are developing have indeed taken steps in terms of strengthening governance, of building their infrastructure of legal and financial systems and, to a degree, of fighting corruption. But I think that it is not unfair to say that there is still much to be done. As I commented in my annual meeting address, there are really no secrets in the countries represented here. Everyone knows the steps that need to be taken, and the issue is to take action. Everyone knows where the gaps are in structure and where those that are corrupt are to be found, but it is difficult to move forward. Nevertheless, it is essential to do so, if the aims of Monterrey are to be met. The incentive is the creation of a better world and of better opportunities, the pursuit of which need to be supported by the wealthy countries.

Progress here has at best been mixed. Yes, we have seen and are delighted by and grateful for the $18 billion of additional funding that has been promised over the next three years. Yes, we have seen discussions taking place on openness of trade, but, again, it is fair to say that with the problems of Cancún and with the reassessment of financial needs, a response to the questions raised in the follow-up to Monterrey is something that needs further and significant attention. We, in our institution, are concerned over the imbalance that exists in terms of the allocation of resources and the allocation of interest on the development process — allocations that see us spending $800 billion on defence and $56 billion on development assistance — and which see, in terms of the movements of people around the world, $80 billion now in remittances for migrant workers overseas dwarfing the development assistance that is coming from the developed countries.

It is not a question of a lack of good will nor of a lack of intent. We have seen good progress and leadership on the part of our colleagues in the United States and the European Union. But if, indeed, we are to address the questions of success in the Monterrey agenda, then it is necessary for each of us to improve our game — developed countries, developing countries and international institutions. We are looking at ourselves, at the ways in which we can increase our effectiveness and can build a more coordinated effort and follow-up to the Rome agenda.

I am delighted that within the last couple of weeks, I have had a highly constructive meeting with the local representatives of the United Nations Development Programme. I want to assure everyone in this Hall that the desire of our institution is to work intimately and closely with the United Nations system, because we believe that no results can be possible in terms of the Monterrey agenda, unless we work as partners, you and us together, with our friends in civil society and the private sector. I think there has been progress, but, I must say, I think there is very much to be done in today's environment.

The President: I now give the floor to Mr. Horst Köhler, Managing Director of the International Monetary Fund.

Mr. Köhler (International Monetary Fund): As we gather here, there is important good news. The global economic outlook is improving. Prospects for recovery are strengthening in the advanced economies, led by developments in the United States. This is good news for emerging-market and developing-country economies, which have also benefited from a supportive financial market environment. But we know that risks remain. Chief among these risks is the excessive dependence of the world economy on growth in the United States and the resulting global current account imbalances. Resolving these imbalances in an orderly manner must be the primary objective of international economic policy. This requires a cooperative approach involving all major countries and regions. Such an approach must strengthen the domestic forces of growth, particularly in Europe and Japan, building on the new momentum for structural reform.

Sound and sustained global growth remains the single most important condition for making decisive progress in the fight against poverty. In the Millennium Development Goals, we now have measurable objectives. The two pillars of the Monterrey Consensus — reflected also in Africa's own New Partnership for Africa's Development — give us a common policy framework defining the responsibilities of the developing countries and of the international community in working towards those objectives.

With the Poverty Reduction Strategy Papers (PRSP) and Heavily Indebted Poor Countries (HIPC) Debt Initiative processes, we have the operational vehicles to take us to the agreed goals. Those processes are under way and, in many countries, yielding results — albeit more slowly than many of us would like to see. Of course, there is surely room for improvement.

But, as we take stock, we must keep in mind the fact that progress must be achieved on the ground, in each individual country. This is the time for steadfast implementation, not for re-embarking on a search for new development strategies every six months.

The IMF will continue to play its role in implementing the Monterrey Consensus. In our work with low-income members, we are concentrating on our core areas of competence: helping them establish a framework for sound macro-economic policies and institutions, which is indispensable for sustained growth, investment and job creation. To that end, we have reduced the scope of our conditionality by focusing it on those areas that are central to achieving key macro-economic objectives. We are working hard to align better the PRSP, the national budget framework and our own low-income lending facility, the Poverty Reduction and Growth Facility.

We are continuing to reinforce our technical assistance and training programmes aimed at building capacity and strong institutions in developing countries, including through our regional technical assistance centres in the Pacific, the Caribbean and, most recently, in East and West Africa. We are working on strengthening the ability of our low-income members to guard against exogenous shocks and to respond to them should they occur. Indeed, I had a very fruitful and open discussion with the "Big Table" of the United Nations Economic Commission for Africa, together with Jim Wolfensohn, just yesterday.

Looking ahead, we are engaged in a comprehensive consultation with our members, donors and civil society to guide us in our future work with low-income countries. I am really interested in this Dialogue, and I am going to listen. I hope everyone also listens to us. Our key objective is to ensure that our engagement complements that of other development partners in working towards our common goal: decisive progress towards achieving the Millennium Development Goals as a concrete contribution to the fight against poverty.

But the Monterrey Consensus extends beyond poverty alleviation. It is also about building a stronger international financial system that helps all countries reap the benefits of globalization. Over the past several years, the Fund has been engaged with the international community in an intensive process of reform, and I believe that we have made progress. We are focusing more on vulnerabilities in financial sectors and international capital markets. We are strengthening the framework of rules for the global economy, in collaboration with public- and private-sector institutions, by developing and implementing international standards and codes. We are continuing to examine ways to improve crisis management, and crisis resolution when crises do occur. With all due modesty, I think that we have, for example, made a positive contribution to developments in Brazil, for instance.

Overall, I believe that our work has contributed to the remarkable resilience of the international financial system in the face of the unprecedented shocks of the past three years. But the increasing interdependence of the world's economies continuously poses new challenges for our member countries and for the IMF. There is no room for complacency. Therefore, in our work, we must pay even more attention to the linkages between countries and regions, and exercise even-handedness, because crises can originate in mature markets as well as in emerging markets. Improving our ability to identify risks and vulnerabilities at an early stage, and our intensified work on domestic financial systems and international capital markets, must play a central role in that process. Let me add that I would be very pleased if we could develop an early-warning system also in terms of political developments and armed conflicts. We are always surprised by the outbreak of armed conflict, and I think that something has to change here.

The IMF's effectiveness as a cooperative institution depends on all members' having an appropriate voice and representation. That is agreed. With that objective, we in the IMF have recently taken several steps to bolster the capacity of the offices of Executive Directors from developing and transition countries aimed at enhancing their effective participation in policy formulation and in decision-making. The Executive Board will continue to examine the issues of quotas, representation and voice, and will report next April to our Governors, with whom responsibility for decisions lies.

More than ever before, our quest for global solutions to global problems requires cooperation for the global common good. The Monterrey Consensus is our joint policy framework in working towards achieving the Millennium Development Goals. In that effort, all developments partners need to do their part. We need to resist hypocrisy and accept our respective responsibilities. The advanced economies need to improve market access, reduce trade-distorting subsidies, and provide more — and better-coordinated — financial assistance. Developing countries need to stay the course in strengthening economic policies and good governance. There is still too much waste due to bad governance. Steadfast implementation and improvement is the key to decisive progress in our common fight against poverty, and the IMF stands ready to do its part.

The President: I now call on Mr. Francisco Thompson-Flores, Deputy Director-General of the World Trade Organization (WTO).

Mr. Thompson-Flores (World Trade Organization): The greatest journeys begin not with the first step, but with the thought, "Where are we going?"

In 2000, at the dawn of the new millennium, global leaders assembled in this building to set a course to a more peaceful, prosperous and just world; a safer world; a world of less poverty, less hunger and greater opportunity in education; a healthier world that would sustain the generations to come.

Two years later, leaders gathered again — this time in Monterrey — to decide on the tools needed to facilitate our journey. We will arrive at our destination only if Governments act with courage and commitment and if the international community delivers on its promise to support their efforts. Mobilizing resources for development requires sound economic policies and good governance at the domestic level. It requires enabling environments for foreign investment. It requires aid and external debt relief. It also requires trade.

In this respect, it is now recorded history that in 2001 at Doha, Qatar, World Trade Organization (WTO) members agreed to launch a new round of multilateral trade negotiations, and further agreed that development issues and the concerns of developing countries should be at the heart of such negotiations.

The Doha Development Agenda negotiations are extensive. They cover implementation, agriculture, market access for non-agricultural products, services, intellectual property, WTO rules, dispute settlement and trade and the environment. New issues are also being contemplated: trade and investment, competition policy, Government procurement and trade facilitation — the so-called Singapore issues.

The negotiations are also ambitious. They are about locking in the tremendous gains of past rounds and making new gains. They are about improving trade conditions and market access, especially for poor countries. And they are about refining, clarifying and strengthening the rules that govern trading relations between States.

The link between trade, the Doha Development Agenda and the international community's wider agenda for development and poverty reduction is well established. Poor countries need to grow their way out of poverty, and while trade can serve as a key engine of that growth, currently the products of developing countries face many obstacles in entering the markets of rich countries. Developing countries are further undercut by massive agricultural support in rich countries. Thus, a broad and balanced outcome of the Doha negotiations could make a huge contribution to the generation of resources for the financing of development.

To give perspective to this claim, according to one estimate from the World Bank, a successful Doha Round could raise global income by as much as $520 billion by 2015, more than two thirds of which will accrue to developing countries and help lift 144 million people out of poverty. We should contrast that figure with the $56 billion provided by rich countries each year in development assistance and relief to the heavily indebted poor countries, which is expected to amount to $40 billion in present value from all creditors.

That is, of course, just an estimate, and we could quibble about the figure. Nor do I want to understate the importance of aid and debt relief to developing countries; such support is vital and must continue and increase. But realizing the Millennium Development Goals will require an estimated $50 billion a year additional to current development assistance. Thus my basic message is this: if Governments put their minds to it, the Doha Round could bring huge benefits — benefits well beyond what can be delivered in any other area of international economic activity.

Recently, in Cancún, our trade negotiations suffered a setback. While a great deal of important work was done at that meeting, assembled ministers were unable to agree on a future agenda to bring the negotiations to a successful conclusion by the agreed deadline of 1 January 2005. The meeting was ultimately drawn to a close on the final day when ministers failed to reach consensus on the launch of new negotiations on the Singapore issues.

Of course, as the dust has settled, we have seen, in abundance, analyses and interpretations of what happened. But members have to take collective responsibility for the outcome of the Cancún Ministerial Conference. I do not think it would be wise or accurate to put the blame on any one country or any one group of countries. Nor would it help us to move forward if we engaged in a lengthy, and ultimately useless, process of finger-pointing and recrimination.

Cancún was a disappointment, but it was not a collapse. The work programme is still in place, and WTO members are already exploring ways to move the process forward. The first logical step is to identify the areas of greatest difficulty in Cancún and get delegations discussing them again as quickly as possible — in other words, get people back to work.

That is exactly what the Director-General and the Chairman of the General Council are doing. Building on the mandate given to officials by ministers in Cancún to continue working on outstanding issues with a renewed sense of urgency and purpose, Mr. Supachai and Ambassador Castillo have secured agreement among the membership to undertake new consultations aimed at reinvigorating the process.

In these consultations, the focus is on the toughest issues: the Singapore issues, agriculture, the cotton initiative and market access for non-agricultural products. We are hopeful that good progress will be made by the time senior officials assemble in Geneva in mid-December.

Cancún has shown us, in a rather brutal fashion, that the Doha Development Agenda is extremely ambitious and complex. At the same time, by reaffirming all their Doha declarations and decisions, ministers have reminded us of the importance and relevance of those ambitions and of the fact that there is a great deal at stake in the negotiations.

We must also carry forward the lessons learned at Cancún and be cognizant of the new pressures evident at the meeting. Cancún saw the emergence of new groupings and countries banding together as never before to advance their common interests. These new alliances, and the simple truth of developing countries' increasing activism in the multilateral trading system, adds greatly to the complexity of our Doha undertaking. We must recognize the increased complexity and ensure it is adequately accommodated in our work programme.

At the same time, we welcome the surer voice that developing countries are finding in our negotiations, as well as the opportunity presented to ensure the round is comprehensive, in terms of both substance and participation.

We have a real chance to re-energize the Doha process by the end of the year. But success will hinge on the political will of all WTO members. Let us not forget that our WTO members are, for the most part, the same Members of the United Nations that three years ago set the course to a new world by 2015. The determination that they show in our negotiations is part of a greater journey that is being made by, and on behalf of, humanity as a whole.

We can still reach the destination established by leaders at the Millennium Summit. But we will have to move apace. Half the world's people are still struggling to live on less than $2 a day. We must respond to their plight.

This High-level Dialogue is a chance to remind ourselves why we have set the course that we have set, and to recommit to this great journey.

The President: I now give the floor to Mr. Rubens Ricupero, Secretary-General of the United Nations Conference on Trade and Development.

Mr. Ricupero (United Nations Conference on Trade and Development): The Monterrey Consensus was a holistic approach to the problems of financing for development. It provided a catalogue of the necessary factors to ensure financial support for sustained and sustainable growth. However, the Consensus did not provide a blueprint that guarantees economic growth and development. It was not a point of arrival, but a point of departure for an ongoing process — a work in progress that must keep abreast of rapid changes in the global economy.

The United Nations Conference on Trade and Development (UNCTAD) is pleased to have participated in the process that produced the Secretary-General's report that we are considering, and we stand ready to continue our participation in areas where our contributions may prove useful.

The challenge that faces us today is, first, to make a clear distinction between the implementation of the commitments made at Monterrey and the follow-up of changes in areas in which the Consensus needs to be extended and amplified.

In assessing our progress, we should bear in mind that the impetus for a conference on financing for development originated in the negative net transfers of real resources sustained by many Latin American countries in the aftermath of the 1980s debt crisis — what has come to be called the "lost decade" of development. As the Secretary-General noted in his remarks, the net financial flows in the recent period are still from the developing world to the developed world. Indeed, this year — as the Secretary-General suggested — we will in all likelihood experience the seventh year of negative net flows of financial resources from developing to developed countries. That suggests that we may be in another "lost decade".

Unfortunately, some countries — such as Argentina and Bolivia — that were early in implementing the measures that were eventually included in the Consensus are now experiencing living standards far below those of the "lost decade" and find themselves excluded from external financing possibilities — not because of, but despite, the indispensable reforms that they adopted. It is encouraging that the International Monetary Fund has been able to agree to extend its existing support programme to the new Argentine Government, contributing to the programme for economic recovery. It is even more important for the international community to make a concerted and rapid effort in support of Bolivia in its current dire economic crisis if that country is to avoid the decline in domestic stability that Argentina and other Latin American countries have experienced and that could easily spread to further areas if that trend is not reversed.

The one relatively bright spot in financial flows for development is that flows of foreign direct investment have remained positive, despite the downturn in other flows. Nonetheless, they have declined substantially, despite the steps taken by developing countries in the aftermath of Monterrey to attract and absorb increased flows of foreign direct investment. That brings us back to the holistic nature of our discussions, for the decline in foreign direct investment flows appears in large part to be the result of the decline in global growth — particularly in the developed countries — and suggests a direct interrelationship between global demand and global financial flows. When investors are retrenching at home, their interest in foreign ventures tends to be reduced, irrespective of the domestic policies undertaken to attract foreign investment flows.

The same process appears to be at work in the factors determining the growth of global trade, which for some years has surpassed the growth of global incomes. As a result of the slowdown in global expansion, the growth in global trade has fallen, more or less in step with the decline in capital flows. That relationship is especially important for the prices of the major export commodities of the most vulnerable least developed counties, as well as for a majority of landlocked economies and small island developing States. In that regard, I should like to draw the attention of Members to the summary of the recent General Assembly panel discussion on commodities, which the President of the General Assembly will transmit to the Second Committee.

Although it is true that it is global growth that will drive trade expansion — not the other way around — it is indispensable to resume the trade negotiations of the World Trade Organization from the point where they were interrupted in Cancún, in order to deliver — in time and at the right level of ambition — the development promises made in the Doha Declaration.

There is a very clear interrelationship between global growth and the growth of trade and finance, which the Consensus considers to be the basis for increased financial resources for developing countries. It is an area in which greater policy coordination and consistency could produce more general benefits. That would mean analysing national policies, in terms of not only their compatibility with goals aimed at domestic economic stability, but also their contribution to the stability of global growth.

The United Nations Conference on Trade and Development has been persistent in pointing out the necessity of better policy coordination among the major industrialized countries in order to eliminate the major macroeconomic imbalances that are a major cause of volatility in exchange rates and international capital flows, impeding sustained financing flows to developing countries. As part of the partnership between developed and developing countries that produced the Monterrey Consensus, we all need to work harder to develop policies consistent with the dual goals of domestic and global stability.

The monitoring of the consistency of national policies with respect to employment growth was a mandate that was to be given to the Economic and Social Council more than 50 years ago under the Havana Charter, which, as the Assembly will recall, was the outcome of the United Nations Conference on Trade and Employment. But the Havana Charter was never implemented, and the Article IV surveillance provided for in the International Monetary Fund Articles of Agreement has tended to concentrate on the appropriateness of national policies for domestic stability rather than on their compatibility with global growth. Given the greater participatory and universal character of the United Nations process, this is indeed an area in which the Economic and Social Council — with the support of the Financing for Development Office — could provide an appropriate forum for the discussion of increased policy coherence, which could produce a global growth environment conducive to the attainment of the domestic policy objectives set for developing countries. Now that the international community is reflecting on the profound reforms called for by the Secretary-General, that could indeed represent a useful building block for the new international architecture that we all wish to see in the future.

The President: I now call on Mr. Mark Malloch Brown, Administrator of the United Nations Development Programme, in his capacity as Chairman of the United Nations Development Group.

Mr. Malloch Brown (United Nations Development Programme): It is a great pleasure to address this gathering and to share this platform with my colleagues from the international financial institutions, as well as my United Nations colleagues. This meeting shows that we recognize that this is a crucial time in our effort to mobilize the domestic and international financial resources needed to build a more just and equitable world.

Today, we must remember, the world is more unequal and more insecure than ever: we live in a world of 6 billion people, 1 billion of whom own 80 per cent of global wealth, while another billion struggle to survive on less than a dollar a day. It is that inequality that confronts us as policy makers and as human beings with consciences, particularly so because poverty on this scale is no longer inevitable; it does not have to be. Unlike generations past, we now possess the global means, the know-how and the record of development success to achieve the Millennium Development Goals agreed by all 189 Member States at the United Nations Millennium Summit: to halve poverty, remove hunger, put every boy and girl in school and stem the current health and environmental crises by 2015.

But while we have the global means, the political will can be much more erratic. Last week in Madrid we saw an extraordinary expression of political will in the fund-raising commitment to assist the people of Iraq. I observed at that meeting that if we could consistently apply that same will, with the same urgency and focus, to the continuing needs of poor countries, then we could put in place the resources and the policy reforms in the North and the South to achieve the Millennium Development Goals by 2015.

The Monterrey International Conference on Financing for Development signalled a unique moment: a new political consensus was forged on how to finance development and resolve the extremes of poverty we have now. A global deal was struck, built around a partnership where sustained political and economic reform, more private investment and better governance by developing countries is matched by direct support from the developed world in the form of trade, aid and investment.

Following Monterrey, the nearly decade-long decline in official development assistance was reversed, rising from $52 billion in 2001 to $57 billion in 2002. The Organisation for Economic Cooperation and Development calculations show pledges of an additional $16 billion by 2006, including a number of new aid arrangements, such as the Millennium Challenge Account proposed by the United States. However, even if the commitments made at Monterrey are fulfilled, and I am increasingly doubtful that we will meet the 2006 target, the total will still fall short of the Millennium Development Goals' requirement of $100 billion a year — a calculation made by former President Zedillo of Mexico and former Secretary of the United States Treasury Bob Rubin.

Even assuming developing countries raise domestic resources, pursue good macroeconomic policies and tackle corruption, the other half of the bargain — increased international resources for development — is not yet in place. Key to the commitments made at Monterrey was the consensus on the importance of country ownership, reflected in nationally owned development strategies backed by international support.

The United Nations system, under the overall coordination of the United Nations Development Group, which I chair, has worked hard to implement the Monterrey Consensus. We have made a major push to provide concrete, coordinated country assistance clearly aligned behind the Millennium Development Goals. We are also working closely with the World Bank to integrate those Goals into nationally owned poverty reduction strategy papers. Strategy papers driven by the Millennium Development Goals will generate the kind of pro-poor economic strategies that all of us in the United Nations and in the international financial institutions want to see.

The United Nations Development Group is also following up on the commitments made at the High-level Forum on Harmonization, held in Rome in February of this year, to streamline donor procedures and practices based on the principle of full country ownership, which also has a vital role to play in implementing the Monterrey Consensus and achieving an outcome-oriented development cooperation policy.

But the success or failure of the entire vision of Monterrey depends fundamentally on a larger vision of global partnership. The Millennium Development Goals may be the ultimate bottom-up approach to development with their clear focus on the pocketbook, people-centred issues of health, education and a sustainable environment; but they are also part of a global vision that sets out a mutual commitment to progress, struck at the highest political levels, between developed and developing countries.

No matter how successful and focused on the Millennium Development Goals the reform undertaken by developing countries, no matter how coordinated the support of development agencies and civil society, the first seven Goals will simply not be achieved if donors do not also do their part on Goal 8. Development assistance, investment and, as we have already heard today, trade, are all of crucial importance to developing countries. Indeed, the failure at Cancún to agree on the policies needed to create a pro-poor, legitimate, global trade strategy that the Doha Development Agenda was committed to achieving was a disappointing step backwards in terms of implementing the commitments made at Monterrey. I listened carefully to what my colleague from the World Trade Organization had to say and hope that this can be reversed.

We must all now recommit ourselves to the spirit of that partnership between poor and rich countries that we witnessed at Monterrey. Let's not douse that flame. We must forge ahead in achieving our common goal, as the Monterrey Consensus stipulated:

> "to eradicate poverty, achieve sustained economic growth and promote sustainable development as

we advance to a fully inclusive and equitable global economic system".

The President: I now give the floor to Mr. John Lintjer, Vice-President of Finance and Administration of the Asian Development Bank.

Mr. Lintner (Asian Development Bank): On behalf of the African and Asian Development Banks, let me first say that it is an honour and a pleasure to be here today. We appreciate the United Nations recognition of the importance of the regional development banks in the Monterrey Consensus and in meeting the Millennium Development Goals. Monterrey was groundbreaking — both in achieving a consensus on a framework for development finance and in bringing greater inclusiveness to discussions such as ours today.

The special attributes of the regional development banks provide advantages in tackling the problems of equity in development. Four of these are of particular importance.

First, as regional institutions, we work in close partnership with and include many representatives from our developing member countries. This has enabled our continuing leadership in such important areas as governance, the fight against corruption, and the promotion of gender-awareness in development.

Secondly, we are mandated by our charters to support regional integration and cooperation, and subregional trade facilitation is an important element of the Asian Development Bank. Countries in our region have pulled themselves out of poverty through trade — much of it within Asia. Our work in this area is complementary to and is geared towards the effort to achieve greater global integration.

Thirdly, we support the development of regional projects for the public good, such as providing cross-country approaches for tackling AIDS, tuberculosis and malaria in Africa and stemming the tide of the trafficking of women and children in Asia.

Fourthly, the regional development banks are also mandated to give special emphasis and attention to the needs of the smaller countries in our regions. Mostly, these are also the poorest nations, often with the least voice in the international system yet facing the most difficult odds in meeting their development goals. We give special consideration and visibility to the needs of these countries in our programmes and strategies.

We believe that these attributes are useful not only for the regional development banks but also for the broader development community in implementing the Monterrey Consensus and in achieving the Millennium Development Goals.

With regard to the commitments we made at Monterrey, we are undertaking special steps. We are sharpening our focus on results; our country programmes are aligned with country-driven poverty reduction strategies that emphasize achievement of the Goals; and we are improving our systems for monitoring and evaluation at all levels. We are actively harmonizing our operational procedures and processes with the Bretton Woods institutions and the bilateral donors and within the United Nations system.

We are addressing issues of development sustainability and issues of debt sustainability. The need for external financing to achieve the Millennium Development Goals in low-income countries, and particularly in many countries in Africa, might result in future debt crises in the absence of the implementation of the Monterrey Consensus. The case here is being made for more grant and concessional funding for those countries, and donors have taken an important step in the right direction by agreeing on a grant facility in the context of the resource mobilization efforts of the African Development Fund.

We have expanding regional and country-specific agendas in the areas of domestic finance and trade. Particularly in Asia and Latin America, foreign direct investment, mobilization of domestic resources and growth through trade will be important elements of financing for development. Regional development banks are working with countries to improve the business environment, strengthen the rule of law and improve tax and customs facilities. We also work to strengthen Governments in planning, use and accountability with respect to those resources.

In recognition of the importance of all actors in achieving sustainable development, we are increasing participation and voice in our projects, programmes and strategies. At the country level, this means greater inclusion of civil society and concerned parties; at the institutional level, it means greater outreach and partnership with international and regional organizations, as well as more accessible information about our organizations and their operations.

We are also participating more actively in global forums on financing for development. The Monterrey Consensus has helped provide a place and voice for our institutions. We, as regional development banks, plan to utilize that space to strengthen regional perspectives in the ongoing discussions and commitments.

In conclusion, we appreciate the leadership of the United Nations in development finance, and we support the spirit of cohesion kindled at Monterrey. We hope that these efforts will continue to pay off in resolving issues of development finance and in sustaining attention to the importance of the Millennium Development Goals. We, as regional development banks, are committed to doing our part.

The President: I now give the floor to Ms. Mervat Tallawy, Executive Secretary of the Economic and Social Commission for Western Asia.

Ms. Tallawy (Economic and Social Commission for Western Africa): I have the honour to make this statement, in my capacity as the current coordinator, on behalf of the regional economic and social commissions of the United Nations, namely, the Economic Commission for Europe (ECE), the Economic and Social Commission for Asia and the Pacific (ESCAP), the Economic Commission for Latin America and the Caribbean (ECLAC), the Economic Commission for Africa (ECA) and the Economic and Social Commission for Western Asia (ESCWA).

First, let me express my gratitude to the Assembly for inviting the regional commissions to this debate. Indeed, the regional commissions were involved in the Monterrey process from the beginning and are still engaged in the follow-up to Monterrey.

As mandated by the General Assembly as well as by our respective commissions, all of the regional commissions have been closely involved in the financing for development process, at both the preparatory and follow-up stages of the Monterrey Conference. The commissions remain active in support of the efforts of their member States to promote successful negotiations in the Doha round and to facilitate membership in the World Trade Organization for those developing countries that remain outside its orbit. Perhaps of greater significance is the fact that because of their in-house multidisciplinary capacities, the regional commissions are uniquely well placed to integrate implementation of the Monterrey Consensus with that of the outcomes of the other global conferences, in particular the Johannesburg Summit, and to truly treat it as a development agenda.

As members are well aware, global analyses and aggregates, important though they are in their own right, often provide an incomplete picture and hide some of the stark realities, thereby necessitating regional and subregional approaches. Proximity to the field enables us also to undertake more in-depth analyses and facilitates exchange of experiences, both regionally and interregionally.

As the Secretary-General’s current report on the Millennium Declaration (A/58/323) indicates, 37 of the 67 countries for which data were available experienced increased poverty rates during the 1990s. With the recent downturn in the global economy, the situation in many developing countries has grown worse. With the exception of East, South-East and South Asia, in every region the poverty situation has deteriorated. Even in those regions of Asia that have done relatively better, many pockets remain stagnant or are worse off in absolute terms.

Trade was underlined as the engine of growth in the Monterrey Consensus. It is of utmost importance to improve market access for the developing countries. This particularly requires the elimination of trade-distorting subsidies and the reduction of support measures for agriculture in developed countries. As for financial cooperation, it is crystal clear that official development assistance (ODA) should be increased markedly from current levels if we are to stand a chance of achieving the Millennium Development Goals by 2015.

The fact is that development needs financing, investment and, most important of all, opportunities for trade, none of which, unfortunately, are very forthcoming in most of the developing regions. ECLAC estimates that net transfer of resources for the region of Latin America and the Caribbean will be negative for the fifth year running. In Africa, ECA data show that roughly 80 cents on every dollar that flowed into Africa flowed back as capital flights in the same year, suggesting widespread capital flight fuelled by debt. In West Asia too, capital flight is huge. West Asia’s share of foreign direct investment in 2002 accounted for a meagre percentage of the world’s total, not quite 0.7 per cent, and this was channelled to a limited number of sectors, namely oil, gas and tourism. National savings and foreign investment, as well as the growth rate in general, have decreased due to conflict, war and political instability in the region. Moreover, all the developing regions have been experiencing ever higher levels of public debt, signalling significantly less manoeuvrability in terms of public policy.

There are, however, some new positive initiatives that are forthcoming at the regional and subregional levels. In June 2003, 11 Asia-Pacific central banks agreed to pool $1 billion of their foreign exchange reserves to establish the Asian Bond Fund. Since then, their finance ministers have been busy planning for the development of local currency bond markets to harness the vast savings for investment of that region. In Africa, under the framework of the New Partnership for Africa's Development (NEPAD), the efforts of countries to create an enabling atmosphere for sustainable development have received further impetus. Several of the African countries have also successfully initiated capital market development.

Latin America has been a pioneer in making successful experiments, with innovative ways of dealing with the pension problem that looms large in most of our countries, developed and developing alike. Arab banks and development funds have increased their financing of infrastructure and mega-projects in the ESCWA region.

In all the regions and subregions, economic integration movements are gaining new momentum. There is wide acknowledgement that a system that relies on networks of global and regional institutions is both more efficient and more equitable, for which the United Nations provides the ideal platform.

We must generate new momentum to accelerate the pace of development at the country, regional and global levels, and we must keep the interests and needs of the developing countries in the forefront. We need to significantly increase the flow of financial resources, both ODA and private capital, to developing countries and simultaneously remove the restrictions imposed on their exports, particularly of agricultural products.

In conclusion, I would like to indicate that for all of us in the five regional commissions the follow-up to the Monterrey Consensus is an area of focused and high priority activity in our respective work programmes for the 2004-2005 biennium. We in the regional commissions similarly attach high priority to the Millennium Development Goals and to regional integration. We in the regional commissions will continue to work hard on all these areas and on the integrated follow-up of global conferences through in-depth analysis, capacity-building, sharing of best practices and exchange of experiences, providing advisory services and promoting policy dialogue. In short, the five United Nations regional commissions strongly intend to remain engaged.

The President: I now invite representatives to go to Conference Room 4 for the informal interactive dialogue of the High-level Dialogue on financing for development.

The meeting rose at 11.20 a.m.