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DEVELOPMENT COOPERATION IS SMART INVESTMENT IN SECURITY, PROSPERITY; TOGETHER, WAY WILL BE FOUND TO MAXIMIZE IT, ACTING GENERAL ASSEMBLY PRESIDENT SAYS

Developing Countries Becoming 'New Drivers of Economic Development', Delegate Says at Conclusion of High-level Dialogue on Development Financing

The deliberations that took place over the fifth High-level Dialogue on Financing for Development should be seen as an important step towards renewing and improving the global partnership for development launched by the landmark Monterrey Consensus and its follow-up Doha Declaration, the Acting President of the General Assembly said today.

As he wrapped up the two-day event, Gary Francis Quinlan, of Australia, said that reinvigorating the financing for development agenda was particularly important as delegations began to consider the post-Millennium Development Goals framework.

"In the immediate future, the wealth of ideas, initiatives and recommendations you have put forward will serve as an important substantive input into preparations for the United Nations Conference on Sustainable Development (Rio+20)," he said, and expressed appreciation to all delegations that had participated in the high-level plenary and round-table discussions. He was also pleased with the active participation and contribution of the institutional stakeholders, civil society and the private sector.

Recalling that Deputy Secretary-General Asha-Rose Migiro had opened the Dialogue by emphasizing that the economic crisis could not be allowed to deflect from commitment to the world's poorest people, he said she had also declared that development cooperation was not charity, it was a smart investment in security and prosperity. "I am confident that together we will find way to maximize this investment," he said.

Announcing that a full summary of the Dialogue would be presented to Member States at a later date, he highlighted some of the main points that had emerged from the discussions over the past two days. Briefly, he noted that during the general debate on the status of implementation of the Monterrey and Doha outcomes, many speakers had expressed deep concern about the impact of the highly fragile and uncertain global economic situations on trade, capital flows and growth. They had noted that a projected downturn in the global economy could threaten the attainment of the Millennium Development Goals and other development targets.

The Acting President said that many speakers were looking ahead and had affirmed the relevance of the financing for development agenda in a post-2015 development framework. They had stressed that the financing for development process must continue to promote mutual accountability, national ownership, inclusive partnerships, and focus on development results. Several speakers had highlighted the Assembly's recent decision to consider convening a conference by 2013, as a way to strengthen the development financing follow-up mechanism and as an opportunity to adapt that mechanism to new challenges and emerging issues. He noted a proposal to consider creating a United Nations commission for financing for development.

His summary of the Dialogue also covered the discussions at today's three parallel interactive round tables on reform of the international financial architecture, the role of financial and technical cooperation, including innovative sources of development aid, and the impact of the financial crises on foreign direct investment and other capital flows to developing countries.

During the concluding debate, which focused on the implementation of the Monterrey Consensus and its key points, including mobilizing domestic financial resources and increasing international financial and technical cooperation for development, speakers called for urgent action to counter global crises and assist the world's most vulnerable.

Keeping the commitments made in Monterrey had been an "uphill task" in the face of natural disasters, political instability, the global economic crisis, the euro zone debt crisis, and other challenges, delegates heard. Citing her country as one of the "worst hit" in Africa, Kenya's representative said the global crisis had exposed some of the weaknesses in the functioning of the global economy and the need to urgently reform the international trade and financial architecture.

New Zealand's representative said that debt sustainability remained a key issue, both for developing and developed countries. He praised the G-20's focus on development outcomes, its refraining from protectionism and its steps to promote trade and investment, stressing that the body's willingness to consult with the United Nations membership as a whole was as welcome as it was important.

While official development assistance (ODA) had reached record levels in real terms in 2010, he said that with increased economic pressure, financial resources from other sources needed mobilizing to promote growth and sustainable development and to eradicate poverty. Other flows would gain importance, and while there was potential for them to supplement traditional financing mechanisms, a focus on how best to use all existing aid flows needed to be kept.

France's representative said that as the world was now increasingly volatile and increasingly interdependent, development was essential to speed up world growth. However the same "club of donors" could not be the only ones providing assistance. Indeed, the traditional North and South were things of the past. Developing countries faced new and different situations, and new global challenges called for a more coordinated response. "Developing countries are affirming themselves as the new drivers of economic development," he said.

However, Mexico's representative acknowledged the growing importance of South-South and triangular cooperation. That was not a substitute for North-South cooperation, but should be complementary. She said that the agendas of financing for development and sustainable development were inseparable, and 2012 presented a valuable opportunity to provide a comprehensive vision of development. In the current fragile economic and financial context, the international community must act with an integrative vision of development to ensure the achievement of commitments and the effective and transparent use of resources.

Financing for development was fundamental and irreplaceable in national efforts to achieve development and eradicate poverty, she said. It was therefore necessary to focus efforts towards the promotion of an inclusive development that was sustainable and respectful of the planet.

While recognizing that development was a national responsibility, Brazil's representative highlighted the importance of international support, especially official development assistance, which was an essential supplement to domestic resources in "catalyzing private investment to foster development".

The representative of Saint Vincent and the Grenadines said that failure would continue if ODA continued to be viewed as a "discretionary charity that is meted out by altruistic donors". Instead, it was an investment in peace and security and a counterweight to systemic inequalities in global trade.

The Minister of Finance of Zimbabwe also participated in the plenary, as well as representatives of

Israel, Morocco, Thailand, Pakistan, Canada, Solomon Islands, Turkey, Botswana, Madagascar, Venezuela and the Philippines.

The General Assembly will reconvene tomorrow, 9 December, at 10 a.m., to consider the report of the Fourth Committee (Special Political and Decolonization).

Background

The Assembly met today to continue its High-level Dialogue on Financing for Development. It was expected to conclude its plenary meeting on that topic during the morning session. (See Press Release GA/11186.)

Round-table discussions are scheduled to be held in parallel with the meeting. The first was slated to discuss "The reform of the international monetary and financial system and its implications for development", while the second would tackle "The impact of the world financial and economic crisis on foreign direct investment and other private flows, external debt and international trade". A third round table would consider "The role of financial and technical development cooperation, including innovative sources of development finance, in leveraging the mobilization of domestic and international financial resources for development". (See Press Release GA/11190.)

Statements

MARTIN BRIENS (France) said that the current session was of particular importance, as the world was now increasingly volatile and increasingly interdependent. In that context, development was essential to speed up world growth; that had been the main message of the recent Group of 20 (G-20) meeting in Cannes, France. The same club of donors could not be the only ones providing assistance, they had noted. Referring to some "high points" of 2011, he said that the world had seen the Fourth Conference on Least Developed Countries and the High Level Forum on Aid Effectiveness, which had concluded last week. That meeting went beyond traditional development agendas to focus on the effectiveness of aid itself. Indeed, the traditional North and South were things of the past. Developing countries faced new and different situations, and new global challenges called for a more coordinated response. "Developing countries are affirming themselves as the new drivers of economic development", he said.

France promoted inclusive development, the core of which remained the mobilization of national domestic resources through strong tax collection capacity and others. Public development assistance was critical in that regard, especially in least developed countries; and the target of 0.7 per cent of gross domestic product (GDP) could not be avoided. In 2010, France had allocated 0.5 per cent of its GDP to aid, amounting to more than $13 billion; over 18 per cent of that aid went to least developed countries. But, still, that was not enough, he stressed. Developing counties needed to mobilize all available resources, including through trade and remittances. France had worked to identify and address the lack of infrastructure, volatility in food prices, the implementation of social protection networks, the encouragement of investment for value added and local jobs, and other important activities.

France advocated with the Secretary-General and others for what it felt was the most promising innovative financing mechanism, a micro-tax on financial transactions. A coalition of partners in support of that programme had been formed in Cannes to help that idea to "take real form", he said, urging States to make their voices heard on that issue. France would continue to be committed to less fragmented, more transparent assistance. The time when development financing was a matter for only the "G-7" powers had passed. It was now a concern and a duty for all the countries of the G-20 and he called for more discussion and action, in that respect. The Rio+20 Conference and the upcoming Millennium Development Goal review in 2013 would be determining moments, he said, calling finally on States to help those meetings to produce true innovations.

REGINA MARIA CORDEIRO DUNLOP (Brazil), associating herself with the "Group of 77" developing countries and China, said the integrated framework adopted by the Monterrey Consensus and the Doha Declaration provided a useful platform for international cooperation on financial issues. She called for a message of policy coherence from the United Nations, the International Monetary Fund (IMF), the World Bank and the World Trade Organization and the G-20 to address the crisis. While recognizing that development was a national responsibility, she highlighted the importance of international support, especially official development assistance (ODA), which was an essential supplement to domestic resources in “catalyzing private investment to foster development”. She was pleased to note record levels of ODA, but noted levels remained below internationally agreed levels. She also called for full realization of the Doha Development Agenda, with a redoubling of international efforts needed to fulfil promises on eliminating agricultural export subsidies, reducing developed countries’ domestic measures of support, and enhancing market access.

Coherence and consistency were needed in the international monetary, financial and trading systems in support of development, she said. Multilateral financial institutions required reform, with developing countries needing increased voice and participation. She was committed to an enhanced quota share for developing countries in the IMF and World Bank, at least to parity with developed countries, and supported a comprehensive review of the current IMF quota formula by January 2013, as well as a general quota review. While respecting the mandates of the IMF, the World Bank and the World Trade Organization, she called for a strengthened role for the United Nations in economic and financial matters because of the organization’s legitimacy and universality, and added a call for reinforcing regulation of the financial system, to avoid instability and excessive risk taking and to ensure predictable international capital flows.

SHULI DAVIDOVICH (Israel) said that while the economic challenges of recent years had rippled throughout the world, it was the developing world that remained the most vulnerable, and those countries should not bear the burden alone. Committed to the spirit of the Monterrey Consensus and the Doha Declaration, Israel had steadily increased its ODA, a significant proportion of which was aimed at promoting sustainable development, particularly through human capacity-building programmes. However, financial contributions could not be the only solution to the challenges of financing for development. Development cooperation must aim to create conditions in developing countries that allow them to attract investment and financing. It was necessary to disseminate technology, create partnerships, and promote capacity-building in those countries.

She said that Israel believed in fulfilling its development commitments by sharing its own development experience and applying creative know-how, innovative technologies and resourceful solutions to eradicate extreme poverty and hunger. Israel shared that expertise, particularly in fields such as water management, agriculture, public health, and community development with developing countries across the globe. Israel was proud to play an active role in many United Nations agencies, and remained committed to working with the international community to ensure that the Millennium Development Goals gave way to real achievements.

LOTFI BOUCHAARA(Morocco), aligning his statement with those delivered by the representative of Argentina on behalf of the Group of 77 and China and with the Republic of Tanzania on behalf of the African States, said that a few years before the deadline for the achievement of the Millennium Development Goals, the discussion before the Assembly was of great importance. Critically, it should seek to strengthen political will, he said, adding that “great uncertainty weighs over the global economic reality”. Following the global financial crisis, recovery efforts must go hand-in-hand with addressing their structural causes. The interdependency of world economies also meant that a favourable global economic context was a prerequisite in helping developing countries harness their capacity for development.

The matter of financing to implement existing commitments to development remained an issue, he said. One year after the Millennium Development Goal Summit, the report of the Working Group on the implementation of the Goals pointed out that the pace of progress was a source of concern, and was due in part to a lack of ODA resources. That assistance had grown more slowly than in previous years. Morocco supported the 0.7 per cent target and the concept of innovative financing mechanisms. Moreover, commitments must be commensurate with the challenges facing the African continent. Morocco supported the creation of a follow-up tool to ensure that commitments to Africa were met, with special attention paid to building the resilience of the least developed countries to confront future challenges.

Additionally, in order to allow trade to be a driver of development, negotiations within the Doha Round must be completed as soon as possible and should place development goals at their core. They must help to identify risks in good time and avoid future crises. Morocco would continue to partner with

African countries, in particular through the increased cooperation of its private sector, he said.

NORACHIT SINHASENI (Thailand) said that, while the world continued to be mired in the current economic and financial crisis, there were only three years left to go before the target date of the Millennium Development Goals. Nearly ten years since the adoption of the Monterrey Consensus, the world had also faced crises in food, oil prices, climate change, natural disasters, youth unemployment and the recent debt crisis in Europe. The last decade had not only shown that the six themes emphasized in Monterrey were all crucial to development, but that such themes complemented one another and should not be taken separately, for best results. His country, like many others in the so-called East Asian miracles, experienced robust economic growth through an export-led growth model and significant foreign direct investment. The importance of mobilizing international resources and promoting international trade for development could not be emphasized enough and he called for prompt conclusion of the Doha Round.

As important as international trade was, he said that the global financial crisis had also demonstrated that over-reliance on foreign exports could be a source of vulnerability. Therefore, mobilization of domestic financial resources for development deserved serious and immediate attention. But, such mobilization must ensure that the financial resources were evenly distributed to all, including society's most vulnerable. Thailand had found that initiatives aimed at specific groups, such as village funds and funds for women, were useful tools to ensure targeted development results. Foreign direct investment must be coupled with international financial and technical cooperation for development. While inflows of foreign investment were beneficial to development, it could be a double-edged sword. Capital flows that were short term, volatile and speculative in nature often threatened the stability of the domestic economy. It was vital, therefore, that fundamental systems issues be addressed and, to that end, he, he called for increased participation of developing countries in the Bretton Woods Institutions.

CAMILLO M. GONSALVES (Saint Vincent and the Grenadines), aligning himself with the Group of 77 and China and the Caribbean Community (CARICOM), focused on the implementation of ODA commitments. The "rather modest" commitment of 0.7 per cent of gross national product (GNP) to ODA was a key pillar of the Monterrey Consensus, of the Doha Declaration and of the United Nations Conference on the financial and economic crisis, and even went back as far as 1970. But, developed countries had only managed to commit 0.32 per cent of their incomes. He said this delivery of 46 per cent of pledged assistance had been hailed as a positive achievement by some States, but he would "respectfully disagree with such an assessment". He added that much aid was given based on "nakedly political calculations" and was largely unconcerned with developmental needs and priorities. It was disingenuous to call such assistance "ODA" in the spirit of Monterrey or Doha, when "developed states annually fail to honour their ODA commitments, to the tune of multibillion dollar shortfalls".

He said failure would continue if ODA continued to be viewed as a "discretionary charity that is meted out by altruistic donors". Instead, it was an investment in peace and security and a counterweight to systemic inequalities in global trade. He was amazed that billions of dollars could be found by many States to prosecute wars, while development assistance failed to reach commitments, and was subject to creative accounting and empty sloganeering. The financial crisis was no excuse for a failure of commitments, he said, adding that the consensus outcome of the United Nations Conference on the crisis stressed the need for urgent compliance with existing targets. ODA targets had never been conditioned on any calculus of economic growth and such a caveat should not be inserted now. The need for constant, predictable and sufficient ODA was even more significant in the current economic climate, with its uncertainties and stagnation and shrinkage in private capital flows, foreign direct investment and remittances.

Debt relief was also a critical component of development strategies outlined at Monterrey, Doha and at the United Nations Conference on the global economic crisis. Caribbean countries had been excluded from debt relief, because they were "middle-income" countries and that stance was "short-sighted and ultimately counterproductive". He said debt burdens were approaching unsustainable levels, and the countries' regional debt in dollar terms was comparatively small. It would not cost much to negotiate debt-relief. He applauded the rise of South-South cooperation, praising the benefits it had brought, but stressed that it was distinct and in no way relieved development partners from their ODA obligations.

RAZA BASHIR TARAR (Pakistan), associating himself with the statement delivered by Argentina on behalf of the Group of 77 and China, reviewed some of the "commendable progress" that had been made in developing countries since the signing of the Monterrey Consensus. Official development assistance had increased from $53 billion in 2001 to $129 billion in 2010, while the debt burden of heavily indebted poor countries had decreased. However, that progress had not only been less than desired but was uneven among developing countries. Not all had benefitted from ODA, trade, debt relief and international capital flows. Investments in Africa were limited, and the least developed countries had not been able to increase their share in global non-oil trade. ODA had not matched the commitments made, and was concentrated in a limited number of countries. Indeed, development gains made by some developing countries had even been reversed, due to the current global financial crisis.

Nonetheless, there was potential to change the situation. "Though our needs are large, our resources are larger", he stressed. The requisite knowledge, resources and tools were available to triumph over the current "development emergency". Pakistan noted that development was, first and foremost, a national responsibility, and that pro-growth, people-centric policies and governance structures were needed. Pakistan, in that regard, was "alive to its responsibilities towards its people". Its recently adopted National Economic Growth Framework focused, in that regard, on four key drivers of growth. First, the need for market efficiency, through removing unnecessary regulation and barriers to entry; second, city planning that promoted innovation, connectivity and commerce; third, education and training for young people; and fourth, improved governance.

Pakistan agreed with the Secretary-General that cutting aid would not balance budgets and would hurt the poor, the most vulnerable in the human family. Among other things, he said, Pakistan believed that the development of potential trade must be unlocked through an early agreement on an open, rules-based and equitable trading system. Developing countries should be helped to improve their export capacity, as well as to diversify their export base. Innovative financing mechanisms were also important, he said.

GILLES RIVARD (Canada) said that, according to IMF, world growth was now projected to be only 4 per cent in both 2011 and 2012, down from over 5 per cent in 2010. Real GDP was expected to grow by 6.5 per cent in emerging and developing economies, but only 1.6 per cent in advanced economies in 2011. He underlined the fact that today's complex architecture for development cooperation must involve a wide range of actors and mechanisms, and a wide range of stakeholders. The Busan high-level forum had agreed to establish a new "global partnership", which recognized that the current global economic and financial situation underscored the increased interdependence of the world economy and the importance of a coordinated approach to international cooperation.

"Poverty and inequality continue to be our central challenge," he said. As the deadline for the Millennium Development Goals approached, that urgency had become paramount. Today, development assistance from Government and international organizations, once the major driver of economic growth in developing countries, amounted to only 13 per cent of capital flows in developing countries as a result of the growth in areas such as private sector funding, more than four times the level of total ODA. He stressed the need to forge new partnerships, promote innovation, and reinforce the role of private sector as the primary driver of growth.

Broad-based sustainable economic growth, including promoting increased international trade, was crucial for developing countries to achieve faster poverty reduction and economic development, he said. To that end, Canada would continue to work with its partner countries in support of efforts to meet the Millennium Development Goals, "our global road map for reducing poverty". Canada had doubled its level of overall assistance and its aid to Africa, and one of the five thematic priorities for its assistance was stimulating sustainable economic growth.

JIM MCLAY (New Zealand) said that ODA had reached record levels in real terms in 2010, but with increased economic pressure, financial resources from other sources needed mobilizing to promote growth and sustainable development and to eradicate poverty. He said other flows would gain importance, and while there was potential for them to supplement traditional financing mechanisms, a focus on how best to use all existing aid flows needed to be kept. It was also important to stress development effectiveness and donor coordination, he said, welcoming the outcome of the Busan Conference, particularly the shift to a broader focus, and acknowledgment of the need to modernize, broaden and deepen cooperation, with South-South and triangular cooperation and new forms of public-private partnership growing in importance, alongside traditional relationships. Busan had endorsed a principle-based approach to partnership, and effective cooperation needed to go beyond finance, to sharing knowledge, including policy options on trade, immigration and tax-setting matters, he said.

He supported strengthened development coordination in the Pacific region, where significant and diverse challenges faced many States, and where New Zealand continued to shoulder its financial responsibilities. Support had focused on strengthening sustainable economic development and job creation and increasing wealth, particularly in infrastructure, fisheries, agriculture and tourism. He pledged increased efforts to leverage all available forms of finance for New Zealand's development partners and welcomed the Pacific Islands Forum Compact to improve aid effectiveness, including its innovative peer review mechanism. Trade remained central to economic growth and creating a framework for more effective trade would greatly benefit the world's disadvantaged. Nonetheless, the Doha negotiations faced challenging times and successful conclusion of the negotiations was essential to real reform of global trade.

Debt sustainability also remained a key issue, both for developing and developed countries and he promised New Zealand would continue to fund the Heavily Indebted Poor Countries and Multilateral Debt Relief Initiatives. He praised the G-20 focus on development outcomes and its refraining from protectionism and its steps to promote trade and investment, stressing that the body's willingness to consult with the United Nations membership as a whole was as welcome as it was important.

COLLIN BECK (Solomon Islands) aligned himself with the statements delivered by the representatives of Argentina on behalf of the Group of 77 and China and of Nepal on behalf of the Least Developed Countries. He reiterated the statement made by Nepal that many of the least developed countries would not meet the Millennium Development Goal targets by 2015. In that regard, the "ambitious" Istanbul Programme of Action — which sought to graduate 50 per cent of the least developed countries within a ten year period — was indeed achievable if international support pledged at the recent conference was honoured and invested in the productive sectors of those countries. With regard to the global economic challenges that were facing all countries, he said that "the world can ride out the financial crisis is we all learn to live within our means".

Among other things, that meant that climate change funds pledged in Copenhagen must be managed and distributed in a transparent and accountable manner. The Solomon Islands remained concerned that current climate change negotiations were creating financial mechanisms that were but "empty shells", with no money to operationalize them. Even the proposed green climate change fund of \$100 billion by 2020 was insufficient and greatly undervalued the mitigation and adaptation costs. It was also disturbing to note that two thirds of the distribution of "aid for trade" was skewed to only 10 least developed countries, and that the same trend emerged in the Renewable Energy Climate Change Strategic Funds managed by the World Bank — a fact that shook the credibility of the Bank, he said.

Turning finally to the issue of trade, which remained the engine of growth, he recalled that the share of global trade that belonged to least developed countries unfortunately remained well below one per cent since the adoption of the Monterrey Consensus. He was concerned over the lack of political will to conclude the Doha Round, as least developed countries continued to be deprived of the provisions of the World Trade Organization Hong Kong Ministerial Declaration for duty- and quota-free market access for all products and services. The least developed countries were, therefore, calling for the implementation of an "early harvest package" under the Doha Round. He hoped that the Ministerial Conference in Geneva this month would have a favourable outcome, before the next Doha Conference in 2012.

HÜSEYIN MÜFTÜOĞLU (Turkey) said the United Nations Millennium Development Goals Summit had been aimed at achieving the Goals by 2015 and reminded the world of the needs of developing countries. He also stressed the importance of the Istanbul Conference, underlining the significant commitment its outcomes constituted. For least developed countries, the Istanbul Programme of Action put forward renewed global partnership principles for achievement of the Millennium Development Goals, while acknowledging that the international community still lagged behind its targets, especially as it tried to absorb the impacts of the financial and economic crises. However, those impacts were being felt most strongly in least developed countries, he said.

The Monterrey Consensus had brought a new compact between the developing and developed countries, he said. Turkey remained fully committed to the Consensus, stressing the importance of the involvement of all stakeholders. There was a need for more concerted action by all and greater efforts to tackle the subject of sustainable development. Regional and international trade was essential to boosting sustainable development and trade capacities should be developed, a positive trade environment promoted, and barriers removed. He praised the growth of South-South cooperation for sharing experiences and lessons learned in development and stressed the importance of the national ownership of development, especially the harmonization of national development policies to achieve the Millennium Development Goals.

He called for improvement in the quality of development aid, particularly ODA. The international community needed to live up to its commitments and assistance needed to be allocated to employment generating activities and small and medium enterprises. Foreign direct investment was essential to long term growth and sustainable development, he said, and it was important to work on attracting investment. Rio+20 offered a chance to address the problems that lay ahead and demanded innovative, creative approaches. The engagement of civil society and the private sector was essential in that regard.

YANERIT MORGAN (Mexico) said the agendas of financing for development and sustainable development were inseparable, and 2012 presented a valuable opportunity that should not be missed to provide a comprehensive vision of development in three of its main agendas, namely financing, sustainability and implementation. It was necessary to establish the appropriate mechanisms to organize a follow-up Conference of Monterrey and Doha, which must take into account the results of Rio+20. In the current fragile economic and financial context, the international community must act with an integrative vision of development to ensure the achievement of commitments and the effective and transparent use of resources.

In the next few years, Mexico would face the challenge of promoting production, diversification, innovation, competitiveness, preservation of ecosystems and sustainable low-carbon growth, she said. Mexico had achieved growth and stability, and progress on poverty eradication, access to health services, reducing the use of substances affecting the ozone layer, and an increase in protected natural and reforested areas. Mexico was willing to move towards a sustainable reform of the international financial architecture, giving it a greater development orientation based on the principles of legitimacy, transparency, efficiency, and security to meet the needs of its members, and establish monitoring, regulating and accountability mechanisms to respond to and prevent future crises. Acknowledging the growing importance of South-South and Triangular Cooperation, she said this was not substitute for North-South cooperation, but should be complementary. Financing for development was fundamental and irreplaceable in national efforts to achieve development and eradicate poverty, and it was therefore necessary to focus efforts towards the promotion of an inclusive development that was sustainable and respectful of the planet.

TENDA BITI, Minister of Finance of Zimbabwe, associated himself with the statements delivered by the Republic of Tanzania, Sri Lanka and Argentina, on behalf of the Africa Group, the Group of 15 and the Group of 77 and China, respectively. Zimbabwe remained committed to the implementation of commitments made in the Monterrey Consensus and the Doha Declaration, he said. However, that implementation had been an “uphill task” in the face of natural disasters, political instability, the global economic crisis, the eurozone debt crisis, and other challenges. Those had resulted in reduced financing flows to developing countries and the debt overhang of those countries exacerbated the problem. Zimbabwe’s debt of $7 billion, for example, had meant that the country was unable to access any meaningful financial flows.

Additionally, foreign direct investment to Africa had declined, with the 18 per cent of GDP in the 1980s becoming a mere 1.2 per cent today. The country was also experiencing a decline in development assistance, as reflected by declines from above $800 million in 2009 to $350 million in 2011. Given those numbers, it was prudent for developing countries to look more to their domestic resources to finance development, he said, adding that more aggressive strategies to mobilize such funds were needed. In Zimbabwe, a policy of “eating what we kill” had been adopted, which effectively meant cash budgeting. It had also reformed its tax administration, and was working to enhance the transparency and accountability of the country’s mineral resource industry. Finally, as developing countries put measures into place to mobilize domestic resources, Zimbabwe called upon developed countries to complement those measures, by ensuing that they did not exploit developing countries in their pursuit of development. In other words, he called for “transparency and accountability” in their dealings with developing countries.

CHARLES T. NTWAAGAE (Botswana) associated himself with the African Group and the Group of 77 and China, saying he subscribed to many of the recommendations in the Secretary-General’s reports on financing for development, especially the importance placed on financing poverty eradication, expanding employment and the importance of the Millennium Development Goals. He also agreed with the stress on generation of public revenues as critical to domestic resource mobilization, and on foreign direct investment.

Botswana had put in place the necessary economic and social policy frameworks, and prudently managed its limited natural resources to grow its economy, resulting in modest economic growth of 5.5 per cent, he said. Despite that conducive environment, Botswana had been unable to attract foreign direct investment to levels it needed to spur sustained growth and diversification, he said, and foreign direct investment remained concentrated in a few developing countries. Non-traditional and innovative sources of financing for development were also failing to reach the majority of developing countries. Further, the scale of contributions for innovative financing in the health sector, especially regarding the Global Fund to Fight AIDS, Tuberculosis and Malaria were modest compared to those needed for maximum impact.

Countries at all stages of development need access to favourable funding, he said, welcoming the Secretary-General’s report on “development cooperation with middle-income countries” as a good basis for expanding assistance to such countries, which were still faced with huge development challenges like extreme poverty, unemployment and underdevelopment. In general, he said, the trickle of development aid fell far short of expectations and commitments, and only a few countries had met their targets.

JOSEPHINE OJIAMBO (Kenya), citing her country as one of the “worst hit” of the African countries by the recent global financial and economic crisis, said the global crisis exposed some of the weaknesses in the functioning of the global economy and the need to urgently reform the international trade and financial architecture. The crisis posed dire consequences for global trade and investment and growth. For Kenya and Africa as a whole, it threatened to reverse progress in economic performance and management, she explained, emphasizing that various external and often unseen events — among them international conflicts and natural disasters — continued to jeopardize the global community’s attempts at inclusive economic development.

She said implementation of the Monterrey Consensus had been slow and progress remained limited in realizing its objectives, noting that although the Consensus reaffirmed the importance of mobilizing domestic resources through taxation — the main domestic financial resource for not only her country, but for most African countries as well — that had been hampered by the limitations of low taxable capacity. ODA remained an important source of development finance; and while available data showed some countries had met their commitments of 0.7 per cent of their gross national income, there was a need to fast-track and fulfil the remaining commitments.

To that end, she emphasized the urgent need for increased aid effectiveness by paying particular attention to aid quality, quantity and disbursement in a timely fashion. She reaffirmed Kenya’s commitment to the successful conclusion of the Doha Round of trade negotiations, saying that for developing countries the multilateral route was their only option for international trade. “Failure is not an option and the continued stalemate was worse for developing countries,” she said.

ZINA ANDRIANARIVELO-RAZAFY (Madagascar) said that the theme of the current meeting was more topical than ever before. Madagascar aligned itself with the statement delivered by Argentina on behalf of the Group of 77 and China and Nepal on behalf of the Least Developed Countries, as well as the United Republic of Tanzania on behalf of the African Group. Harnessing financial resources at the international and national levels was paramount for achieving the Millennium Development Goals, he said, and for those achievements to be lasting, adequate, predictable and stable financing was needed. But, there had been a tendency on the part of developed States to pull back from ODA as they struggled with the global financial crisis. In that respect, he called out for aid, even while saying that developing countries must also rely on their own strengths. For its part, Madagascar had launched far-reaching economic and financial reforms involving better governance, and achievements had been made in fighting poverty.

However, those strides had been threatened by the new challenges to financing. The continuing financial crisis, as well as the political crisis in Madagascar, had plunged the country back into insecurity and poverty. Like many least developed countries, it had suffered the "full brunt of crises for which it had not been responsible". ODA, though the primary source of financing for those countries, nonetheless remained far behind the levels needed for them to meet the Millennium Development Goals by 2015. South-South cooperation needed to be supported, but should in no way eclipse traditional North-South cooperation, he stressed. With regard to trade, the imposition of protectionist policies in developed countries weighed heavily on least developed countries, and swift measures were needed to fast-track the Hong Kong declaration on free market access. Further, it was crucial to ensure that several different forms of financing be used to kick-start development, and that opportunities for poor countries be broadened. Finally, he described the process Madagascar followed to recover from its recent political crisis, including the appointment of a transitional parliament and other government institutions. Madagascar needed the support of the international community now, more than ever before.

JULIO RAFAEL ESCALONA OJEDA (Venezuela) said that the outcome of Rio+20 was now doubtful, despite the fact that it concerned the entire legal platform which, in some fashion, had protected the Earth from the process of ongoing destruction. Financing for development was increasingly scarce, commitments made by developed countries were not met, and there was a supposed lack of capital while, at the same time, an "unbridled accumulation of capital" was being seen in the world. Recent history had seen a radical change in the role of banks in the economy, wherein money was channelled into financial speculation in the billions, without the production of any tangible product. Measures should be taken that would force banks to fund activities, such as agriculture and industry; if that was not done, it would be difficult to see any solution to the financing for development question.

Further, he said that agriculture was controlled by international monopolies that destroyed the peasant economy, polluted the Earth, and destroyed traditional seed stocks. Although food sovereignty was a human right, financing for the development of agriculture for the people had become impossible, because it had become clear that it was more profitable to finance monopolistic processes than to eradicate poverty, or to strengthen southern countries against climate change. The "right to development", as implied in previous rights, did not exist, and the only viable development was that which was a product of competition in the market. In that light, development "as a right" could not be financed. While representatives of developed countries claimed that the recession made it impossible to provide financing for development, those economies were, in fact, creating poverty, not development, through massive layoffs and cuts to social spending. Thus, the recession was perpetuated. The international community should learn from the actions of countries that rejected the "neo-liberal recipe" and were thus recovering from the recession and creating growth.

LIBRAN N. CABACTULAN (Philippines) associated himself with the Group of 77 and China and welcomed the fifth High-Level Dialogue on Financing for Development, the convening of which was timely, and the theme of which reflected the urgent need for review of implementation of the Monterrey Consensus and the Doha Declaration. He emphasized that the United Nations, as the only global body with universal participation and legitimacy, should play a central role in reform of the global governance network of the international monetary and financial system. He called for a fair, open, rules-based multilateral trading system and the earliest conclusion of the Doha Round, and for greater flexibility by developed countries to break the current stalemate. In light of the economic crisis, protectionist measures were tempting, he said but those would lead to greater problems further along the line, blocking the path to sustainable development.

He noted that most large donors had not met the 0.7 per cent GNP targets and he urged developed countries to fulfil their commitments, while also reiterating his position that debt alleviation should benefit all developing countries and that debt sustainability should take into account Millennium Development Goals implementation. Referring to innovative sources of financing, he spoke of the recently held 2011 World Forum on the Diaspora Economy, where Philippines shared its experiences integrating its overseas nationals within its local development plans. He said that remittances were the second largest source of foreign exchange for the Philippines.

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