



STATEMENT BY MR. ANAND SHARMA, MINISTER OF STATE FOR EXTERNAL AFFAIRS, IN THE SPECIAL MINISTERIAL MEETING OF THE GROUP OF 77 AT PUTRAJAYA [MALAYSIA] ON MA 2, 2006

Mr. Chairman,

I thank you for organizing this meeting to address the challenges confronted by the developing countries in the ongoing UN reform process, especially those relating to UN management reform, mandate review and system-wide coherence. Under South Africa's able leadership, the Group has been able to project its concerns and to make its effective contribution in the debate in the United Nations General Assembly on the issue.

The Fund and Bank have strayed far from one of their original purposes – Keynesian demand management to maintain high levels of employment. The Bretton Woods institutions have the power but no longer have the mandate. ECOSOC has the mandate but not the power. We should give ECOSOC the requisite mandate to become more effective.

Complete policy coherence is neither theoretically conceivable nor practically feasible. It follows that a realistic approach would be to deepen the understanding of how different policies affect the development process, mobilizing political will on the need for policy coherence and, to this end, improving the way the decision – making structures are organized. There is no alternative to a far-reaching reform of the Bretton Woods institutions. Even before tackling the central structural issue of voting power, it should be possible to enhance the voice of developing countries if the internal management process in the Fund is more equitable and transparent.

Studies have shown that by themselves or through discussions there cannot be much coherence between IMF, World Bank, WTO and ECOSOC; it has to be set and articulated externally by the UN. What is needed is to update the UN. It is essential to bring global economic issues back on the agenda of the United Nations. It should be able to assess, on a continuing basis, the overall

state of the world economy and provide political leadership on international economic issues.

There is still a case for specialized and separate entities to serve specific mandates. For example, UNCTAD is vital for promoting their interest: its mandate has to be strengthened.

India supports reform efforts aimed at ensuring an efficient and effective Secretariat of the United Nations that is accountable to its collective membership. G-77 has to be active. But as you, Mr. Chairman, have advised, it also has to be interactive. Hon'ble Foreign Minister of Malaysia, in his intervention, said that UN reform is a clash of different ideas. With all respect to my brother, it is much more – it is a question of who will control the UN. Hence the need for G 77 solidarity on management reform.

It is the obligation of every Member State to pay its contribution to the UN budget in full, on time and without condition. You, Mr. Chairman, described the spending cap as unacceptable conducive to an unnecessary crisis. The Foreign Minister of Cuba spoke of financial blackmail. Perhaps it is a sword of Damocles to influence the direction of reform. The shield of solidarity has to ensure that the direction is set by the G-77.

Thank you Mr. Chairman.

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