



STATEMENT BY HON'BLE MR. C.K. CHANDRAPPAN, MEMBER OF PARLIAMENT  
AND MEMBER OF THE INDIAN DELEGAION, ON AGENDA ITEM 52: FOLLOW-UP  
TO AND IMPLEMENTATION OF THE OUTCOME OF THE INTERNATIONAL  
CONFERENCE ON FINANCING DEVELOPMENT AT THE SECOND COMMITTEE OF  
THE 61<sup>ST</sup> SESSION OF THE UN GENERAL ASSEMBLY ON OCTOBER 10, 2006

Madam Chairperson,

We thank the Secretary-General for his report on the agenda item "Follow-up to and Implementation of the Outcome of the International Conference on Financing for Development". We associate ourselves with the statement made by the distinguished representative of South Africa on behalf of the Group of 77.

Madam Chairperson,

The achievement of MDGs in a sustained manner leading to real economic transformation is hardly possible without enhanced resource flows, full realisation of the development imperatives of the Doha Development Agenda, the July Framework and the Hong Kong Ministerial Declaration in the area of trade, debt relief, fundamental reform of the economic and trade institutions and the UN recovering the role of setting the international development agenda. The 'Financing for Development' process, in this sense, is one of the major initiatives taken by the UN.

Some striking statistics are provided in the report of the Secretary-General. Despite the positive trend since 2002, the current and projected levels of ODA for 2006-2010 still fall far short of the estimated US \$ 150 billion needed for the developing countries to attain the MDGs. Moreover, the recent increases have largely been directed towards debt relief and emergency assistance; in fact, the ODA, after exclusion of these components, was lower in real terms in 2004 compared with 1990. We agree with the conclusion of the report that scaling-up of aid levels will be necessary if developing countries are to achieve the MDGs. We must also evolve a broader understanding on debt relief programmes,

without insisting on conditionalities, which may recreate the original difficulties that necessitated recourse to debt in the first place. We welcome the progress made in finding innovative sources of financing. As proposals for innovative sources for financing reach maturity, establishment of robust and efficient mechanisms to track ODA flows would become vital, more so in the context of the recent debt relief initiative. In this regard, we welcome the agreement reached in the context of the World Summit Outcome Follow-up on Development.

Madam Chairperson,

The Monterrey consensus emphasises the role of the State in socio-economic development and the importance of public investment in this context. The role of the State should not be limited to merely providing a favourable macroeconomic, legal and regulatory framework for private sector growth and for attracting investments from abroad. The State often also needs to undertake substantial investment in human development sectors and in basic physical, social and institutional infrastructure. The report of the Secretary-General has made some pertinent observations on the World Bank strategy on improving 'governance'. We share the view that experiences of successful transformation are country- and time-specific; i.e., governance is characterised by historical and contextual specificities of countries. Nothing should be done to protect the fiduciary interests of the Bank at the cost of development. The World Bank must remain steadfast in its mission for 'a world free of poverty'.

For defending livelihoods, the sovereign functions of the State cannot be undermined and regimes that erode the autonomy of policy space need to be reformed and checked. It is no coincidence that the 2005 World Summit stressed the need for appropriate balance between national policy space and international disciplines and commitments. Resistance to unjust international regimes is bound to grow. Demands for reduction of *de minimis* payments by all countries goes back on the July Framework and is unacceptable to developing countries with subsistence farming and resource poor farmers; proportionately lower overall tariff reduction commitments and operable and effective development instruments of Special Products and Special Safeguard Mechanism are the essential components of securing food security, livelihood security and rural development needs of developing countries. Early resumption of the Doha round of trade negotiations is desirable, while adhering to its existing mandate. Providing comprehensive political direction to the WTO remains vitally important.

The Monterrey consensus, in the context of systemic issues, stresses the importance of enhancing the coherence and consistency of the international monetary, financial and trading systems. We believe that development cannot be achieved via piecemeal and uncoordinated policies. What is needed is to address

how different policies affect the development process and to mobilise greater political consensus on the need for improving the way the decision-making system is organised. People affected must participate in decision-making; hence the need to address the democratic deficit in decision-making processes, so as to enhance their legitimacy, transparency, accountability and ownership. The 2005 World Summit acknowledged that 'enhancing the voice and participation of developing countries remains a continuous concern'. The bridging of this 'voice' deficit requires fundamental reforms in the quota structure. Net outflow of resources from developing countries, reaching a level of US \$ 600 billion in 2005, points to the need for reform of the international financial system. The UN should encourage immediate steps be taken to initiate the second stage of IMF quota reform, involving a basic revision of the quota formula.

The debate on global imbalances and its solution is ongoing. These global imbalances cannot be solved by unilateral actions. The report of the Secretary-General has drawn attention to the establishment of a new process of multilateral consultations on issues of systemic importance. In a rapidly integrating global economy, issues of bilateral and multilateral surveillance share a symbiotic relationship not only with respect to the systemically important countries but also with respect to the developing and emerging market countries; coverage of the plausible policy spillovers from the more mature markets is crucial. We await the results of the first multilateral consultations on the critical issue of global imbalance.

Madam Chairperson,

India recognises the need for an effective arrangement for the review and assessment of the implementation of commitments and agreements reached at the Monterrey Conference and more so to build on the agreements reached at the 2005 World Summit. The real success of the UN lies in political management of the process. The UN has not only to play a predominant role in setting the direction, but in delineating and guiding the international macroeconomic agenda. The Economic and Social Council (ECOSOC) must be strengthened to enable it to fulfil its task in an effective and efficient way. The annual meetings of ECOSOC with the Bretton Woods institutions, World Trade Organisation and the UNCTAD should serve this purpose. Greater synergy between the annual meetings of ECOSOC with the Bretton Woods institutions, WTO and UNCTAD on the one hand, and the biennialised high-level meeting of the UN General Assembly on the other, is also needed.

Thank you, Madam Chairperson.

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