



STATEMENT BY MR. SACHIN PILOT, MEMBER OF PARLIAMENT AND MEMBER OF  
THE INDIAN DELEGATION, ON AGENDA ITEM 53: FOLLOW-UP TO AND  
IMPLEMENTATION OF THE OUTCOME OF THE INTERNATIONAL CONFERENCE  
ON FINANCING FOR DEVELOPMENT AT THE SECOND COMMITTEE OF THE 62<sup>ND</sup>  
SESSION OF THE UNITED NATIONS GENERAL ASSEMBLY ON NOVEMBER 14,  
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Madame Chairperson,

We thank the Secretary-General for the reports on the agenda item "Follow-up to and implementation of the outcome of the International Conference on Financing for Development" under consideration today. We associate ourselves with the statement made by the Chair of the Group of 77.

Madame Chairperson,

The recently held High-Level Dialogue of the General Assembly on Finance of Development provided an important opportunity to examine the progress made in the implementation of the commitments of the Monterrey Consensus. The event clearly indicated that despite promises made, progress in financing for development has been slower than expected and many of the development finance objectives set in 2002 have not yet been met. While developing countries have made significant efforts towards good governance and domestic resource mobilization, support by the international community has lagged far behind. Flows of Official Development Assistance are far below target; debt relief has not led to envisaged additional funds for development; private capital flows have not benefited all countries, nor have they been useful for promoting investment in social sectors; and trade-distorting agricultural subsidies by developed countries and limited market access continue to negatively impact developing economies.

Most importantly, the issue of restructuring of the international financial architecture has not been adequately addressed. Developing countries continue to lack the necessary voice and participation in international financial and economic policy making and norm-setting. As the President of the General

Assembly stated during the High Level Dialogue on Financing for Development, legitimacy and credibility of some institutions now depends on increasing the voice and participation of developing countries in the international financial architecture. We believe that a comprehensive review of the implementation of the Monterrey Consensus must be undertaken at the Doha Review Conference, with particular focus on 'systemic issues'. In addition, the issue of enhancing the follow-up mechanism of the Monterrey Consensus should also be considered at the Review Conference.

Madame Chairperson,

The report of the Secretary-General also provides detailed analysis of the various dimensions of the status of progress in the implementation of the Monterrey Consensus. We welcome the emphasis in the report on the need to restructure the international financial architecture. We fully share the concerns raised on the legitimacy and effectiveness of international structures and policy approaches that have the mark of the post-Second World War period. The Bretton Woods Institutions, though impacting developing countries the most, do not have a structure that would permit the effective voice and participation of developing countries. We reiterate the importance of time-bound action on the issue of reform of these institutions, as well as on the need for oversight by the United Nations on their policies.

We welcome the recognition in the report that private sector investment, often touted as a panacea for lack of development financing, cannot replace public sector investment in infrastructure. Further, that private investment is closely linked to public investment in infrastructure and other competitiveness-enhancing activities. We would add that public investment is particularly important in social sectors and in human resource development. In this regard, the report has correctly noted the critical role of the public sector in development and its indispensable role in sustaining growth. We emphasize the importance of public sector in securing equitable and inclusive growth. We agree with the report that overemphasis on fiscal balance and price stability should not detract from permitting public investment. Accordingly, Official Development Assistance remains crucial for many developing countries.

Madame Chairperson,

The report of the Secretary-General notes that developing countries have increased social expenditures, clearly underlining the commitment of developing countries to implement their commitments of the Monterrey Consensus. However, we share the concern about the ability of debt relief measures to provide additional resources to put all low-income countries on a sustainable debt repayment path. We support proposals for discussing what really counts as

aid. Official Development Assistance to write off debt arrears, which does not generate new and additional resources, should not count as aid. Further, aid must assist national efforts and strategies. In this regard, the report has correctly highlighted the importance of predictable and stable aid flows. Sudden increase and decrease in aid can have a negative macroeconomic impact, with difficulties in absorption of sharp aid increases and leading to significant portion of aid assisting in reserve accretion.

We also agree that sustaining high levels of employment is an indispensable element of domestic resource mobilization. Accordingly, we need to ensure that international capital flows are channeled to sectors that have multiplier effects on employment generation. Generating employment must be a key goal of development strategies, not merely macroeconomic stability. We particularly welcome the importance accorded by the report to the need for policy space, particularly for undertaking employment oriented macroeconomic policies. In addition, policy space is required for developing countercyclical funds and instruments as well as in the management of capital flows. Domestic resource mobilization also requires the development of financial systems that can support the financing of productive domestic industry, instead of promoting consumer credit and Government debt.

In conclusion, Madame Chairperson, let me emphasize the importance of the international community fulfilling its commitments.

Thank You.

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