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Malaysia
to the United Nations

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STATEMENT BY THE HONOURABLE MR. LOH SENG KOK, MEMBER OF PARLIAMENT AND REPRESENTATIVE OF MALAYSIA AT THE PLENARY MEETING OF THE 62ND SESSION OF THE UNITED NATIONS GENERAL ASSEMBLY ON AGENDA ITEM 53(B): HIGH LEVEL DIALOGUE FOR THE IMPLEMENTATION OF THE OUTCOME OF THE INTERNATIONAL CONFERENCE ON FINANCING FOR DEVELOPMENT, NEW YORK, 23 OCTOBER 2007

Mr. President,

I would first like to thank you for convening this meeting. I would also like to thank the distinguished Permanent Representatives of Egypt and Norway for their excellent work as the Co-Facilitators of this process and to the Secretary-General for his reports. I would also at this stage like to associate myself with the statement made by Pakistan on behalf of the G77 and China.

2. This Dialogue is a valuable opportunity for us to not only take stock of the present situation relating to Financing for Development, but also to find ways to generate momentum on the subject as we approach the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus in Doha next year. In this connection, the theme for this High-Level dialogue namely 'The Monterrey Consensus: status of implementation and tasks ahead', is both timely and appropriate.

Mr. President,

3. The Secretary-General's report clearly indicates that progress is slow in most, if not all areas of the Monterrey Consensus. But progress is slowest in perhaps the most important area of them all, the provision of ODA.

4. The worth of each civilization is measured by how it treats its weakest and most vulnerable members. In the present context, we must be measured by our actions to help those in the poorest countries. In practical terms, it means the level of financial assistance given. Using this measure, it is clear that we have failed the test of civilized behaviour, particularly when we compare the resources that we possess against what is required to lift the poor out of their plight.

5. If indeed we are to be thankful for small mercies, we should be gratified that since 2002 when the ODA levels stood at 0.2 percent, the figure has since risen to 0.33 percent in 2005, when it stood at US\$ 106.5 billion. Unfortunately however, we now know that much of the increase is accounted for by debt relief, technical and emergency assistance. Compounding the issue is the fact that the figure dropped to 0.30 percent last year.

6. I believe that there is a need to put the whole issue of the quantum of ODA in perspective. I would therefore like to juxtapose the US\$106.5 billion given as ODA in 2005 with other figures, by way of comparison:

- 6.1 The Millennium Project estimates that at least US\$150 billion is required annually if the MDGs are to be achieved. As matters stand, it is unlikely that the MDGs will be realized, due in part to the lack of finance;
- 6.2 In 2005, the net outward financial flows from the developing to the developed world totaled US\$ 533 billion;
- 6.3 Total global military spending during that year stood at US\$ 1.118 trillion or 2.5 percent of global GDP or US\$173 for each global inhabitant. The US alone accounted for 48 percent of military spending; and
- 6.4 In 2005, agricultural export subsidies alone stood at close to US\$3 billion. (US\$2.962 billion)

7. While important, discussions should not be confined to ODA alone. It is important to recall that the Monterrey Consensus embraced six areas in all, which included all of the issues related to financing and its relationship to development.

8. For many developing countries, efforts to mobilize both domestic and international financial resources for development have been hampered to varying degrees by the continued volatility in the international financial markets. With regard to mobilizing international financial resources, the less developed economies in particular are doubly disadvantaged. Not only is FDI flowing into a limited number of countries, but the less developed countries whose economies are dependent on extractive industries are finding it difficult to leverage on these investments. As the report of the Secretary-General indicates, the jury is still out on whether these investments will have a significant impact on employment generation – the key to sustained economic growth.

9. While international trade continues to hold great potential as an engine for development, this has been curtailed by the lack of progress in the WTO negotiations. The debt situation is not as bad as it was previously. However, there are persistent fears that given the change in the conditions of debt associated with a shift from official to private debt, the vulnerability of many countries is on the increase.

10. In terms of addressing systemic issues, efforts to restructure the international financial architecture to enable it to respond to fundamental changes in the global agenda continue to be a work in progress. Some may argue that the momentum for change has been lost.

Mr. President,

11. Malaysia believes that the Conference must fundamentally assess and recommend measures related to the following issues:

- 11.1 One, the reasons for the non-implementation of the goals of the Monterrey Consensus, particularly in fulfilling the ODA targets. We believe that the establishment of a monitoring mechanism to assess the level of ODA by the developed world will give impetus to these efforts. We note that this issue has been raised by the G77 before and has failed to find consensus. However, given the urgency of the situation, we believe that further discussions on this are warranted. In essence, what is required is for these issues which are presently

being discussed in the OECD's Development Assistance Committee (DAC), to now also be taken up in the UN, perhaps by the ECOSOC's Annual Ministerial Review or the Development Cooperation Forum;

- 11.2 Two, the increasingly complex inter-linkages between finance and various new and emerging aspects of development. For example, if climate change is to be one of the main factors impacting developmental efforts in the future, it is essential that the Review Conference devote its attention to some of the key issues of this subject. Again as an example, it could usefully discuss international assistance to address not only adaptation issues, but also climate related reconstruction and rehabilitation efforts; and
- 11.3 Three, in terms of new and innovative sources of financing for development, there is a need to evaluate various initiatives that have been launched during the past few years, and use this as a basis for newer ones. Having said that, it is essential to note that given the wealth that they possess, the burden of responsibility for strengthening international efforts at financing for development must fall on the developed world. It must not be passed on to the so-called 'emerging donor nations' which is itself a vague and ambiguous term. In this connection, we believe that to the extent that the term is used, it should be confined to the non-DAC members of the OECD only.

12. Having said that, Malaysia has and will not shy away from our responsibilities to assist other developing countries. Within the context of South-south cooperation, our Malaysian Technical Cooperation Programme (MTCP) is a vehicle for sharing our development experience, especially specific areas in which we have strengths and experience. To date, 137 countries are beneficiaries, compared to 46 in 1991. This demonstrates an increased demand from the programme countries as well as Malaysia's greater willingness to assist.

Mr. President,

13. In conclusion, I would like to affirm Malaysia's full support for the objectives of the Monterrey Consensus. We therefore commit ourselves to working with you and other delegations in ensuring that the Review Conference is a success. We would define success as having made strides in constructing an international financial structure that works for, and not against, the developmental aspirations of the poorest.

Thank you.

