Statement by Mr. Jamil Ahmad, Director (UN), Ministry of Foreign Affairs, Islamabad on Agenda Item 52: Follow-up to and Implementation of the Outcome of the International Conference on Financing for Development

Madam Chairperson,

From the outset Pakistan delegation wishes to associate itself with the statement made by the distinguished representative of South Africa on behalf of the Group of 77 and China.

We also thank the Secretary General for his comprehensive report on the follow-up to and implementation of the Monterrey process. The report provides useful insights and should help generate substantive discussions this year on the issue of financing for development issues.

Madam Chair,

The Monterrey Consensus outlined the comprehensive national and international policy actions required to achieve the internationally agreed goals. It recognized that enhanced financial flows were critical to the realization of the internationally agreed development goals. Importantly, it acknowledged dramatic shortfalls in the required resources, besides securing a global concord to address the challenges faced in generating the requisite financing for development.

Unfortunately, like other such global agreements, and despite having been reaffirmed at the 2005 World Summit by our leaders, Monterrey continues to suffer from a serious implementation deficit.

The Secretary General’s Report also confirms the growing implementation deficit and the financial resource crunch faced by the developing countries in advancing their development goals and objectives. A few important observations made in the report are:

- The net outward transfers of financial resources to developed countries reached over $600 billion in 2005.
- The current and projected levels of ODA for 2006-2010 still fall far short of the resources deemed necessary for attaining the MDGs.
- The amount of aid for least developed countries in 2004, was lower in real terms than the figures for 1990.
• Tied aid continues to have a high cost: in 2002, it reduced the value of bilateral aid by at least $5 billion.

• Low-income countries face special constraints in full mobilization of domestic resources.

• Investment to improve physical infrastructure such as transport, power and telecommunications is required to elicit increased foreign and domestic private investment in many developing countries.

• On trade, failing a rapid resumption of negotiations and agreement on the modalities in agriculture and non-agricultural market access, it will not be possible to finish the WTO Doha round of Trade Negotiations by the end of 2006.

• The key indicator of external debt sustainability had worsened in 11 of 13 post-completion point countries.

• Debt reduction alone was not sufficient to bring developing countries with heavy debt burdens onto a path of debt sustainability.

Clearly, the goals and objectives that we had set for ourselves are still far from realized.

To come out of the present implementation crisis, we need to put in place the national development strategies and the concomitant commitments of the international community to support these strategies. Simultaneously, we also need to set up the requisite mechanisms to monitor the fulfillment of these strategies and commitments.

At the national level, it is essential to promote policies and programmes that ensure, apart from good governance, macro-economic stability; investments in human resources, infrastructure and production capacity; export orientation.

At the global level, there are several vital goals that need to be simultaneously pursued.

First, the fulfillment of the 0.7 ODA target remains a central objective. We fully agree with the Secretary General’s observation that ODA should not only increase substantially in order for the developing countries to have a better chance of achieving the MDGs, it is essential that ODA be directed principally to the poorest and least developed among the developing countries.

Moreover, increased resources should be channeled through the budgets of recipient countries, particularly to enable the full application of the principles of ownership and alignment.
Second, debt cancellation and adjustment needs to be much more broad and generous for the poorest countries.

Third, Foreign Direct Investment Flows should be more consciously directed towards the weaker economies, through various measures, such as investment guarantee schemes.

Fourth, Bolder and more general efforts are required to mobilize additional development finance through innovative measures. In this, old ideas, such as the SDR - development link and compensatory financing for trade erosion should not be discarded.

Fifth, despite the present impasse, a determined effort is required to revive and conclude the Doha round of trade negotiations as soon as possible. The huge agricultural subsidies and support resorted to by the rich must be quickly, if progressively, eliminated.

Finally, the international financial system needs to be reviewed and restructured to enhance the participation of developing countries in international financial institutions and to ensure the allocation of larger percentage of international liquidity to the developing countries.

Madam Chair,

The Paragraphs 73 of the Consensus called for a Follow-up International Conference to review the implementation of the Monterrey Commitments. We must avail of this window of opportunity to take stock of the situation based on a comprehensive review of the challenges we face in generating much needed development financing for the developing countries to meet the needs of their development strategies. The review should delineate a future road map for concrete actions and close monitoring, building on the experiences gained so far.

In this regard, Pakistan would like to join others in welcoming the generous offer from fraternal Qatar to host the Follow up Review Conference of Financing for Development.

On our part, let me reaffirm, Madam Chair, our commitment to making the Financing for Development a great success. We are building, at home and promoting globally true democracy, good governance and effective rule of law. We are seeking peace and tolerance within and outside Pakistan. In the past few years we have made rapid strides in revamping our economy, weeding out corruption and consolidating the state institutions. We are and shall remain committed partners of international community in pursuing peace and development.