

Informal Review Session on Chapter I of the Monterrey Consensus “Mobilizing domestic financial resources for development”

(14 February 2008, UN Headquarters, Conference Room1)

I am Philo Morris, representing Society of Catholic Medical Missionaries and am a member of the NGO Committee on Financing for Development.

Thank you Co-facilitators, and thanks to the panelists for the excellent presentation made this morning and the FFD Office for organizing this event.

Under Secretary-General of DESA mentioned this morning the serious threat posed by global financial imbalances, instabilities and the resultant financial turmoil. This is a matter of grave concern to us as it has the potential to seriously undermine the ability of developing countries to raise domestic resources. The current turmoil can hit developing countries at any time as has happened many times before as in SE Asia and Latin America.

Developing countries are being pushed to increase financial liberalization, which not only unblocks any efforts to financial flows coming in but more important also to financial flows leaving the country.

Sudden and speculative inflows have in the past and will increasingly so in the future be reversed quickly, triggering serious financial crisis. Even the IMF accepts that capital controls can serve a useful purpose yet countries continue to be reluctant to introduce measures to protect themselves, against financial volatility. Sometimes they are forced to abandon measure under the negotiation of bilateral investment treaties.

We recommend that countries seriously need to consider imposing efficient and effective controls on their capital accounts the so-called bumps and speed breakers, which protect them without being market unfriendly.

Governments have an interest in protecting the interests of their people, by taking defensive measures against potential financial crisis – which undermine domestic resource mobilization and depress growth.

My colleagues will be speaking on the other relevant points.

Thank you Chair,

Resources referred:

- IMF Working Paper, Research Department, Financial Globalization – A Reappraisal. M. Ayhan Kose, Eswar Prasad, Kenneth Regoff
- Donald Mathieson, Liliana Rojas-Suarez – Liberalization of the Capital Account: Experiences and Issues 1993