

7 December 2011

**Statement of H.E. Mr. Nassir Abdulaziz Al-Nasser,
President of the 66th Session of the General Assembly,
at the Opening of the Fifth High-level Dialogue on Financing for
Development**

Excellencies,
Madam Deputy Secretary-General,
Distinguished Delegates,
Ladies and Gentlemen,

The President of the General Assembly, His Excellency Mr. Nassir Abdulaziz Al-Nasser, regrets that he could not join you for today's event. As the Acting President, I am pleased to make the following remarks on his behalf.

I am pleased to welcome you all to this fifth High-Level Dialogue on Financing for Development.

Following two years of a fragile and uneven recovery from the world financial and economic crisis, we are meeting at a time of heightened concern over another major global economic downturn.

The sovereign debt crises in Europe, the continuing jobs crisis in developed countries, weaknesses in the financial sector and volatile food and energy prices are among the most pressing challenges confronting the global economy. Moreover, political divides over how to tackle these problems and calls for fiscal austerity are impeding effective and coordinated policy responses.

This meeting provides a timely opportunity to address these serious challenges, within the framework of the Monterrey Consensus and the Doha Declaration on Financing for Development.

Strong and sustained global economic recovery is necessary for developing countries to effectively mobilize domestic resources for development. Fragilities in the global economy, including the risk of spillovers from developed countries, reversals in private capital inflows, exchange rate misalignments and commodity price volatility, continue to hamper their growth prospects.

Given this environment, it is critical that developing countries undertake measures to address poverty and expand productive employment opportunities. To finance such measures on a sustained basis, considerable levels of external assistance will be required.

While the last couple of years have witnessed a strong revival in private capital flows to developing countries, this trend shows signs of dampening, if not reversing. Short-term portfolio equity flows to developing countries went into a tailspin in the second half of this year, in line with the high volatility

that is typical for these flows. Given their volatile nature, greater consideration should be given to measures that mitigate their potential destabilizing effect.

Foreign direct investment (FDI) flows to developing countries are likely to be adversely affected in the event of a renewed slowdown in the global economy, too. This is worrisome, as FDI tends to be more stable and long term in nature compared to other private flows.

An important trend in recent years has been the growth in South-South investment flows. In areas where they have a positive development impact, these flows should be encouraged, especially in the context of South-South cooperation.

The development potential of international trade continues to be limited by a wide range of tariff and non-tariff restrictions as well as agricultural subsidies in developed countries.

Consequently, it remains imperative to arrive at a successful and development-oriented conclusion to the Doha round of multilateral trade negotiations.

At the Cannes Summit, G-20 leaders reiterated their support for the Doha Development Agenda mandate and stressed the need for fresh, credible approaches to furthering trade negotiations, including issues of concern for the Least Developed Countries (LDCs). After almost a decade of multilateral trade negotiations, the share of LDCs in world trade remains extremely low. It is important for the international community to deliver on our promise to provide duty-free and quota-free access for all products originating from LDCs, and to increase resources for Aid for Trade to enable poorer countries to enhance their trade competitiveness.

Given the continuing economic difficulties faced by developing countries in the aftermath of the global financial crisis, it is imperative that developed countries fulfill all their commitments regarding official development assistance (ODA).

In 2010, ODA reached a record level of \$128.7 billion - or equal to 0.32 per cent of OECD/DAC members' combined gross national income. However, many larger donors remain below the United Nations target of 0.7 per cent.

There continues to be an urgent need to increase the volume, quality and reliability of aid flows to meet the internationally agreed development goals, including the Millennium Development Goals. I would also like to emphasize here the potential of innovative financing mechanisms to complement existing ODA.

Despite improved external debt indicators in a number of developing countries, there remain concerns about debt sustainability, which could be adversely affected by spillover effects from the European debt crisis and other risk factors, such as volatile energy and food prices, and exchange-rate instability.

The effectiveness of debt sustainability frameworks need to be re-examined through further work at the inter-agency level. Efforts are also needed to design instruments and institutional mechanisms to better deal with debt distress.

Following the world financial and economic crisis, the issue of international financial stability has increasingly been viewed in the context of reforming the mechanisms of global economic governance.

In this connection, it is critical to strengthen macroeconomic policy coordination and ensure there is greater coordination and complementary efforts between the G-20, the United Nations and other multilateral organizations. The recently established practice of convening informal meetings of the General Assembly before and after the G-20 Summits represents an important step in this direction.

It is also crucial to reform the major institutions of global economic governance, in order to ensure greater voice and participation of developing countries. Such a reform is essential if these institutions are to respond to the new challenges of globalization and the realities of the 21st century.

Ladies and Gentlemen,

While there have been some important achievements during the period since the Monterrey Conference, there is considerable scope for more decisive and effective action. Given the serious state of the world economy, it is all the more imperative that the commitments and agreements reached in Monterrey and Doha are fully implemented.

This High-level Dialogue provides a timely opportunity to further momentum in this direction. It will pave the way for other significant conferences dealing with development issues next year, such as the Thirteenth session of the United Nations Conference on Trade and Development (UNCTAD XIII) and the UN Conference on Sustainable Development (Rio+20).

We need to seize this moment and take an important step towards promoting development for all.

Thank you.