

**Statement to the Second Committee of the General Assembly
By Mr. José Antonio Ocampo
Under-Secretary-General for Economic and Social Affairs
New York, 3 October 2005**

Chairperson,

This session of the Second Committee is marked by the 60th anniversary of the United Nations and the historic gathering of world leaders at the 2005 World Summit. As I congratulate you and other members of the Bureau on your assumption of the responsibility for leading this Committee, I want to express my deep hope for success at this very important session.

The World Summit reaffirmed faith in the multilateral system. It also expressed strong, unambiguous commitments to ensure the full realization of the comprehensive UN development agenda generated by the series of UN conferences and summits, with the Millennium Summit prominent among them. The Summit asserted the vital role that the conferences and summits have played:

- in shaping a broad development vision;
- in identifying agreed objectives;
- in galvanizing development policy and programmes at all levels; and
- in guiding the work of the UN system.

It also produced agreement on a number of precise steps to strengthen their follow-up.

Today, as you begin your general debate, I want to point up the elements of the Summit outcome especially relevant to this Committee. I will also present a brief update on the world economic and social situation, to serve as a backdrop for your work. And I will close by addressing some of the specific items on your agenda.

First, the Summit committed all Governments, by 2006, to adopt and begin implementing national development strategies for achieving the array of internationally agreed development goals, including the MDGs.

Second, at the Summit, world leaders reaffirmed their commitment to the global development partnership agreed in the Monterrey Consensus. I will return in a moment to the financing for development aspects of the Summit outcome.

Third, the Summit resolved to make the goals of full and productive employment and decent work for all a central objective of relevant macroeconomic policies and national development strategies.

Fourth, the Summit reaffirmed that gender equality is essential to advance development, and produced commitments actively to promote the mainstreaming of

gender perspectives in the design, implementation, monitoring, and evaluation of policies and programmes in all political, economic, and social spheres.

Fifth, the Summit reaffirmed wide-ranging commitments on sustainable development, from water and human settlements to energy and changing consumption and production patterns to biodiversity, desertification, and climate change. It noted that efforts in these areas would also promote the integration of the three pillars of sustainable development: economic development, social development, and environmental protection. The Summit recognized the serious challenge posed by climate change and committed the international community to further action through the UN Framework Convention on Climate Change. It also agreed to create a worldwide early warning system for natural disasters and to improve the UN's Central Emergency Revolving Fund, so that disaster relief arrives more promptly and reliably.

Sixth, the Summit decided to strengthen the UN capacity for peacekeeping, peacemaking, and peacebuilding. In a major advance, it produced a detailed blueprint for a new Peacebuilding Commission, to ensure a more coherent and sustained international effort to build lasting peace in post-conflict situations.

Finally, the Summit forged agreement on key aspects of UN reform. Among the most notable is the genuine impetus provided for a stronger, more broadly capable and effective Economic and Social Council. It gave the Council three specific new functions:

- To undertake ministerial-level reviews of progress towards the development goals, drawing on the work of its functional and regional commissions.
- To convene a Global Development Cooperation Forum, to discuss coherence of the global development cooperation architecture. This means considering the performance of the range of development actors—state and non-state, UN and non-UN; North-South, as well as South-South cooperation; and the overall flow of resources.
- And to build its capacity both to respond better and more rapidly to developments in the international economic, social, and environmental fields, and to coordinate response to humanitarian emergencies.

As another function, ECOSOC will also have an important role vis-à-vis the new Peacebuilding Commission, drawing on the innovative mechanisms the Council has created for post-conflict reconstruction and development. Finally, the Summit reasserted the central responsibility given in the UN Charter for ECOSOC to serve as the principal body for system-wide coordination.

The broad scope of the UN development agenda—and the process of its implementation—render these five ECOSOC functions quite closely related. Performing these functions, and producing their envisioned results, will require the Council virtually to revolutionize its substantive organization and ways of work. Much of its ability to do that will depend directly on this session of the General Assembly. I urge you—seize this opportunity immediately to begin putting the Summit's decisions on the new ECOSOC into effect.

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Chairperson,

Let me elaborate for a moment on the Summit decisions on financing for development.

A core principle of the Monterrey Consensus is that developing countries have primary responsibility for their own development. In line with this, they not only agreed to adopt comprehensive national development strategies; they have also paid increased attention to financial and technical cooperation amongst themselves. During the Summit, a number of measures to increase South-South cooperation were announced.

Moreover, announcements in advance of the Summit will further increase aid. Thanks to new commitments, ODA is now expected to increase from \$80 billion last year to \$130 billion in 2010. And aid to Sub-Saharan Africa is expected to double, from \$25 to \$50 billion a year over this period. The increase in aid, however, must be effectively reflected in support to the programs of partner countries through their own budgets—and not only through debt forgiveness, technical assistance, and emergency and humanitarian assistance. This is why our *World Economic and Social Survey 2005* strongly recommends that international assistance programmes specifically target the amount of aid that is effectively channeled through the budgets of recipient countries. At present, according to estimates of OECD/DAC, only about one-fourth of registered ODA is so channeled.

This is our understanding of the principles of ownership, alignment, and harmonization agreed earlier this year in the Paris Declaration on Aid Effectiveness. If aid commitments are fully met, and the principles and targets agreed in the Paris Declaration fully applied and implemented, we will achieve a major breakthrough in international cooperation, particularly for Sub-Saharan Africa. The debt relief for HIPC, recently agreed in the annual meetings of the BWIs, represents the third dimension of this breakthrough. In short, the Summit catalyzed a set of major commitments in the areas of ownership, aid, and debt that have led the World Bank to refer to 2005 as the “Year of Development”—a Year that should set the stage for a challenging new “Decade of Development,” leading to 2015.

We have also seen progress on innovative sources of financing. The Global Alliance for Vaccines and Immunization announced a pilot project for the International Finance Facility. The French and Brazilian governments aim to introduce a pilot project for a global solidarity contribution on air tickets. Chile plans to implement such a measure, beginning next year. It has also called for reconsideration of using Special Drawing Rights to provide development finance.

The Summit answered another call in the Monterrey Consensus, when the UN Convention Against Corruption received the ratifications required to become operational.

All these actions represent major support for implementing the Monterrey Consensus and advancing development. Nonetheless, to make a truly major impact, they need to—and should—be extended.

First, while reinforcing the political commitment to a rapid conclusion of the Doha trade round, the Summit made clear that there are still significant challenges in realizing the development dimension of the round.

Second, while welcoming the debt relief initiative for HIPC, we should not forget that the majority of the world's poor reside in other developing countries—many of them middle-income countries that also face high debt burdens. Some Summit participants thus stressed the importance of extending relief to a larger number of non-HIPC LDCs and to middle-income countries.

Moreover, conditionality attached to aid often conflicts with commitments to increase the responsibility of developing countries for their domestic development strategies. Only when aid is fully aligned with national development strategies, as agreed in the Paris Declaration, can it be nationally owned and fully effective. On this front, the recent proposals by the United Kingdom and the European Commission are positive contributions, deserving rapid implementation.

Finally, according to Monterrey, this increased responsibility would be matched by adequate voice and participation of developing countries in international economic decision-making. It is time to move from discussing this problem to taking concrete action to address it.

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Chairperson,

This Committee meets as the growth of the world economy has decelerated measurably over the course of 2005, compared to an exceptionally strong and broad expansion in the previous year. According to our estimates, global economic growth (measured, as we always do, at market exchange rates) will reach about 3 per cent in 2005 and a similar pace in 2006—although growing uncertainty surrounds these projections given the mounting downside risks.

This deceleration has resulted partly from the maturing of the cyclical recovery in a number of economies and the associated unwinding of earlier policy stimuli. But the world economy has also encountered increasing constraints, several of a structural nature. Most notable are the enormous global imbalances: on one side, the rising external deficit of the United States and, on the other side, growing surpluses in a number of economies, mainly in Asia, Europe and oil-exporting countries. The ever-widening imbalances have increasingly given rise to concerns about their sustainability, about the risks associated with various re-balancing processes, and about the consequences for the stability of world financial markets and global economic growth. The responsibility to address global imbalances falls to countries with large current account surpluses at least as much as to

those with the deficits. And the required level of international economic cooperation to address this problem has not been forthcoming.

The recent rise in oil prices is another concern. The strong growth in global oil demand has reportedly moderated recently, but the tight situation in the global oil market has been exacerbated by natural disasters and geopolitical instability. Oil-importing countries, particularly developing and least-developed oil-importing countries, have shown growing signs of deterioration, including rising inflation. Oil prices remaining at such high levels will pose challenges for world economic growth and, in particular, for the economic development of many developing countries.

Besides the conspicuous risks associated with the global imbalances and oil prices, other non-negligible caveats include, for example: a possible lull, or even reversal, in the trend of a substantial appreciation of house prices in a number of large economies; a significant rise in long-term interest rates; and an unwinding of the risk appetite in financial markets, which has been reflected in the unusually low interest rate spreads between assets viewed as more and less risky in financial markets.

At the same time, the broad international economic environment does show some auspicious signs. International trade has continued to grow at a robust pace. Financial markets worldwide have generally remained calm. And the terms of trade for a large number of developing countries have improved considerably. Yet even these supportive factors may hold some risky implications. For example, the exceptionally low risk premium for the external borrowing of many developing countries, if not prudently managed, could lead to excessive capital inflows and sow seeds for financial crises, repeating the unfortunate episodes of the early 1980s and late 1990s.

Against this backdrop, how have developing countries fared in their efforts to achieve the MDGs? The present economic strength of many developing countries demonstrates that substantial progress is possible under the right domestic and global economic conditions. A deterioration in the external environment stemming from the global imbalances would have an untoward effect on both the immediate prospects of developing countries and their longer-term development, including their efforts to achieve the array of internationally-agreed development goals. Therefore, addressing the current global imbalances should be seen as part of the long-term development agenda.

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Distinguished delegates,

In the UN development agenda, we have a powerful platform for building a fair, equitable, and inclusive globalization, and fair, equitable, and inclusive societies.

As in previous years, the Committee will discuss the issue of globalization and interdependence. Effective and beneficial integration in the global economy requires a variety of strategic and policy measures and actions. A strong institutional underpinning

is thus needed to guide and buttress economic activities and mediate sometimes conflicting interests in the development process. The report of the Secretary-General on this issue addresses this institutional dimension of the challenges of achieving the development goals and integrating into the global economy. The main features of successful institutions include fostering inclusiveness, enhancing accountability and transparency, and facilitating innovation and learning. The report points out that policies and regulatory regimes need to be designed in order to flexibly balance social, economic, and environmental objectives, which in turn requires a transparent, participatory approach.

The Committee continues its consideration on the key issue of the MDGs and poverty eradication. This year, the report of the Secretary-General on the implementation of the First United Nations Decade for the Eradication of Poverty focuses on employment—particularly the centrality of employment for poverty eradication, which received prominent recognition from the Summit. Poverty eradication remains one of the core challenges confronting our generation.

I could not stress more the importance of your deliberations and decisions on this agenda item. Poverty eradication is also one of the main goals in the Brussels Programme of Action for the LDCs. Next year, the General Assembly will hold a special session to undertake the five-year review of the Programme. The Committee will make an important contribution in setting the stage for that review.

The Committee will also consider a range of sustainable development issues. These include energy efficiency, which will play an important role in tackling climate change, promoting clean energy, and meeting energy needs. With the world facing significant increases in energy prices, energy efficiency is rising to higher levels of priority in the national agendas of many countries, developing and developed alike. It will also be a focus of discussions for the Commission on Sustainable Development, which will start a new cycle in 2006 on the theme of “energy for sustainable development, industrial development, air pollution and atmosphere, and climate change.”

Finally, international migration remains a central dimension of globalization. One of its key features is the movement of skilled labour and people with advanced education, particularly from developing to developed countries. The acceleration of highly-skilled labour mobility is raising concern about the so-called “brain drain” and the loss of economic potential incurred by the countries of origin. Yet international migration brings many benefits to both home and host countries. For example, financial transfer to home countries can be a major benefit. Worldwide, remittances are estimated to have reached some \$130 billion per year, with 60 per cent of that amount flowing to developing countries. Some claim that this figure is larger, closer to \$175 to \$200 billion a year. Against this backdrop, and having in hand the recommendations of the Global Commission on International Migration that will be presented to the Secretary-General this week, the General Assembly will hold a high-level dialogue on international migration and development in 2006. The Committee is tasked to work out the organizational details for this important event.

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Chairperson,

This session of the Committee faces important decisions and high expectations. I am confident that, under your able leadership, it will measure up to the important role it now has in helping to make the most of the World Summit's decisions on development. I look forward to working with you, the Bureau and members of the Committee in the fulfillment of our shared development agenda.