Statement by Mr. Nitin Desai
Under-Secretary
Department of Economics and Social Affairs
United Nations
Millennium Summit

Two weeks ago, at the world’s largest ever gathering of Heads of State and Government, there was a clear acknowledgement by all nations, large and small, rich and poor, of the need to work together to achieve a common destiny. Although the Millennium Declaration adopted by the Summit starts by addressing peace and security issues (including their link with development), most of the text speaks to development issues. During the formal and informal exchanges among Heads of State and Government at the Summit, particular attention was focused on globalization, the management of the international economic system, the challenges faced by Africa and the continuing external debt difficulties faced by many developing countries. The Millennium Declaration reflected a commitment to tackle these challenges, as reflected in the following selection of extracts:

“In addition to our separate responsibilities to our individual societies, we have a collective responsibility to uphold the principles of human dignity, equality and equity at the global level. As leaders we have a duty, therefore, to all the world’s people, especially the most vulnerable and, in particular, the children of the world, to whom the future belongs.”

- "Global challenges must be managed in a way that distributes the costs and burdens fairly in accordance with basic principles of equity and social justice. Those who suffer, or who benefit least, deserve help from those who benefit most."
- "We are concerned about the obstacles developing countries face in mobilizing the resources needed to finance their sustained development."
- "We resolve to ensure greater policy coherence and to improve better cooperation between the United Nations, its agencies, the Bretton Woods institutions and the World Trade Organization."

On distinct issues, the Millennium Declaration reiterates the Geneva 2000 commitment to reduce poverty and also includes specific and timebound pledges to achieve universal primary education and to reduce the proportion of the world’s population suffering hunger, the proportion without clean drinking water, the maternal mortality rate and the child mortality rate. In addition, it includes commitments to reverse the spread of HIV/AIDS and other major diseases and to improve the lives of slum dwellers. It also addresses the environment, human rights, democracy and good governance, vulnerable groups and the special needs of Africa.

It was universally recognized that concerted action would be required to achieve the goals adopted at the Summit and a few countries indicated their intention to enhance their ODA performance to this end. There was widespread support for the role of multilateral agencies, although there were also many references to the need for further institutional reform, including of the United Nations.

“Beijing + 5” and “Copenhagen + 5”

The Millennium Assembly was preceded in June by the five-year follow-up reviews of the Beijing Conference on Women and the Copenhagen World Summit for Social Development.
The Special Session of the United Nations General Assembly entitled ‘Women 2000: gender equality, development and peace for the 21st century” confirmed the links between population, development and women’s equality. It recognized that poverty among women is increasing and that, without reducing female poverty, the global poverty goal would be impossible to achieve. The special session also underlined that all development issues – ranging from reform of the global financial architecture to primary education – are of concern to women and men equally. The outcome document contained various actions and initiatives to promote gender equality at the national, regional and global levels.

At the Special Session of the General Assembly on social development, there was, for the first time, universal intergovernmental agreement on a global goal of halving the proportion of people living in extreme poverty by 2015. This is implicitly understood to at least include the estimated 1.2 billion people with incomes of less than a dollar a day. It was also decided to begin a more integrated global campaign to reduce poverty. Preparation of an international employment strategy by the ILO will begin with the holding a global employment forum next year.

There are about forty additional substantial initiatives or new international agreements for action in the Declaration adopted by the Special Session. These include: an agreed target of access to basic education for all by 2015 a call for all UN agencies to integrate health policies more effectively into their programmes in other areas; action through trade agreements, and increased incentives for research to improve access of developing countries to affordable and effective pharmaceuticals; strengthened commitment to basic workers' rights, and to social protection for the vulnerable; and recommendations for national targets and more affirmative action to achieve gender equality. Corporate social responsibility was added to the international agenda for the first time. A number of countries used the opportunity to make concrete announcements as well. For example, Ireland announced plans to reach the ODA target of 0.7 per cent of GNP; Japan announced cancellation of debt for low-income countries; and Italy announced an aid initiative of over $100 million.

**Financing for Development**

Many of the commitments made at the global conferences and at the plus-five processes, as well as at the Millennium Summit, have financial implications, but these have been given scant attention during the process of reaching agreement on goals and objectives. The high level international intergovernmental event on Financing for Development to be held in 2001 offers an opportunity to ensure that the requisite resources can be mobilized and the Millennium Declaration contains the commitment that “We will, therefore, make every effort to ensure the success of the High-level International Intergovernmental Event on Financing for Development...."

This event is expected to bring together political decision-makers on both financial and development matters from around the world in order to reach agreements on how to improve the mobilization of financial resources for development. The topics on the provisional agenda that has been agreed by the Preparatory Committee for this event are: mobilizing domestic financial resources for development; mobilizing international financial resources for development (foreign
direct investment and other private flows); external debt; trade; increasing international financial cooperation through, inter alia, ODA; and enhancing the coherence and consistency of the international monetary, financial and trading systems in support of development. The subjects to be addressed in the financing for development initiative therefore overlap with the main concerns of this Committee, as well as of the World Bank more generally, and steps have correspondingly been taken to ensure that the World Bank is fully engaged in this process.

As part of the preparatory process for this event, there is, for the first time ever, a dynamic structure of cooperation with the Bretton Woods institutions (and also the WTO), covering both the inter-Secretariat and inter-governmental aspects. These arrangements in themselves greatly enhance the chances for a successful and meaningful event. On the Secretariat side, both the World Bank and the IMF have appointed senior officials to liaise with and help the United Nations’ Financing for Development Coordinating Secretariat on an ongoing basis; they are also providing technical support to special inter-agency working groups that have been set up to help prepare the report containing the Secretary-General's recommendations that will be issued early in 2001.

At the inter-governmental level, a three-pronged interface mechanism has been put in place with the World Bank. This includes interactions between members of the Bureau of the Preparatory Committee and the Executive Directors of the Bank. We hope that a similar modality might soon be set up with the IMF. Agreement has also been reached for the Preparatory Committee to link periodically with the WTO Council's Trade and Development Committee.

Debt of the poorest countries

It is now universally recognized that sizable debt cancellation is vital to economic recovery and sustained growth in many poor developing countries. Nevertheless, four years after the launching of the Heavily Indebted Poor Countries (HIPC) Initiative, high levels of external debt are still a crushing constraint on growth in too many of these countries.

It is encouraging that implementation of the enhanced HIPC Initiative has accelerated in recent months and it is hoped that the stated goal of having 20 countries reach decision point by year-end will be met, recognizing that reaching this modest goal will involve doubling the pace of approval of the last four months. Even if this goal is achieved, the 20 countries will comprise less than half of the 41 members of the HIPC group. The debt relief approved to date (but not yet disbursed) is only about one sixth of the $100 billion pledged at the G-7 Summit in Cologne in June 1999.

In response to the widespread concerns about achieving a speedy, equitable and sustainable solution of the debt crisis, the Secretary-General has put forward in his Millennium Report a number of proposals on new steps to handle the debt problem. They include immediate cancellation of the debts owed by countries that have suffered major conflicts or natural disasters; expanding the number of countries in the HIPC initiative by allowing them to qualify on grounds of poverty alone; pegging debt repayments at a maximum percentage of foreign
exchange earnings and establishing an arbitration process to balance the interests of creditors and sovereign debtors and to introduce greater discipline in their relations.