Statement by

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Statement by Mr. José Antonio Ocampo,  
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Since 2000, two major United Nations events have changed the prism through which we look at development cooperation. One was the United Nations Millennium Summit, which took place in New York in 2000 and led to the adoption of the Millennium Declaration and the Millennium Development Goals. The other was the United Nations International Conference on Financing for Development two years ago, during which the Monterrey Consensus was adopted. Both documents constitute the main guide for sustained development and poverty reduction efforts in the United Nations system, and have also become a central point of reference for the activities of the Bretton Woods Institutions.

International cooperation

The partnership which is intrinsic to the Monterrey Consensus demands efforts by all actors: donor countries, recipient countries and multilateral institutions. The Global Monitoring Report 2004 by the Bretton Woods Institutions presented to these meetings indicates that by and large developing countries are fulfilling their pledge at Monterrey while the performance of developed countries is uneven.

International trade, in particular, is an area where no tangible progress has been achieved, although movement in negotiations in some of the substantive elements of the Doha agenda has taken place recently. Ensuring that the Doha agenda becomes truly a development agenda is critical for accelerated growth in developing countries and the achievement of the Millennium Development Goals. Some of the major issues are clearly identified in the report, particularly the elimination of export subsidies and significant limits (or even the elimination) of production subsidies that distort agricultural trade, the significant reduction of tariff peaks and escalation in manufactures, and an effective opening up to temporary movement of people for the provision of services in which developing countries have a comparative advantage. We should add two issues that figure prominently in United Nations debates: the particular problems faced by commodity producing countries and the space for active development policies that should be maintained in a development friendly multilateral trading system.

In other areas of the Monterrey Consensus, particularly those dealing with international financial cooperation, we are encouraged by some initial positive results regarding the volume of aid and aid coordination. But much remains to be done in these areas. The new momentum in international discussions on innovative sources of finance for development, with the participation and support of a number of Ministers of Finance of some large industrial and developing countries, is certainly a step forward. This issue will be taken up by the United Nations General Assembly in its next session.
We also have unfinished work in improving how the international community deals with unsustainable external debt in many developing countries, which must take into account the impact on progress in achieving the Millennium Development Goals and other development objectives. There has been some progress in reducing debt-servicing payments through the Heavily Indebted Poor Countries (HIPC) initiative. However, despite reaching “completion point” some of these countries have not achieved debt sustainability. Also, an expansion of the HIPC initiative to incorporate other low-income countries with heavy debt burdens merits consideration. Going forward, for many low-income countries, maintaining debt sustainability requires that future official financing be mainly provided in the form of grants. Debt problems of middle-income countries also require further attention.

In the April 2003 special high level meeting of the United Nations Economic and Social Council (ECOSOC) and in the October 2003 High-level Dialogue on Financing for Development, the importance of strengthened and effective participation of developing countries in international decision-making was underscored. We welcome the ongoing work in the Bretton Woods Institutions on the issue of voice and participation of developing countries in the international financial institutions. Nonetheless, progress have been limited and it is time for action. We hope that the consideration of the road map on procedures and on the next steps to be taken on these issues requested by the Development Committee in Dubai last year could lead to concrete steps forward in the near future.

**Developing country policies**

The evaluation of developing country policies in the report determines many areas where progress has been made. We certainly share the emphasis placed on accelerating human development, strengthening public sector governance and institutional development, and welcome the renewed focus of the World Bank on infrastructure investment. We also agree on the emphasis placed on macroeconomic stability, but would like to underscore that a broad framework of macroeconomic stability should be the basis of any analysis in this area, including not only price stability and sustainable fiscal accounts, but also sustainable external accounts, healthy financial systems and, particularly, stable rates of economic growth and employment creation, an issue which has received much less attention in recent views of what macroeconomic stability means.

We should also be cautious about the widespread use of quantitative indicators in areas of governance and institutional development, as well as relying on only one side of the debate in unsettled academic controversies, such as that which links economic growth in developing countries to the extent of their trade liberalization. In this regard, it is clear that the creation of export capacities is crucial to the success of developing countries in a globalized world, but it is unclear whether those capacities are the automatic result of trade liberalization. Rather, given the frustrated growth experience of many developing countries that have extensively liberalized their trade regimes in recent decades, more active policies towards productive sector development, the creation of export capacities,
the links of exports to other domestic activities, and more active technological transfer, adaptation and creation, seem to be called for.

In many of these areas, there should also be a clear recognition that the historical experience of different countries, the different challenges they face, the diverse preferences of their peoples and the lack of unique solutions to many of the development challenges indicate that diversity will continue to be a central feature of the international system, one that would only be enhanced by an effective promotion and strict respect for the principle of ownership of development strategies and policies.

**The dialogue between the UN and the BWIs**

As already mentioned progress in the implementation of the Monterrey Consensus requires efforts by all actors. The deliberations and decisions of the Executive Boards of the World Bank and the Fund and the outcome of the Development Committee and the IMFC meetings are critical in this endeavor. One of the aspects that the Consensus emphasized was the need to enhance the coherence and consistency of the international monetary, financial and trading systems in support of development. On 26 April, ECOSOC will meet in New York with the Bretton Woods Institutions, WTO and UNCTAD. The respective country representatives, including members of the Board of the Fund and the Bank, will address coherence issues particularly in reference to the implementation of the Monterrey Consensus and the outcome of these Spring meetings in Washington. We call all of you to participate actively in this dialogue.