STATEMENT BY MR. MOINUL HASSAN AHAMED, MEMBER OF PARLIAMENT, ON AGENDA ITEM 18 – FOLLOW-UP TO AND IMPLEMENTATION OF THE OUTCOME OF THE 2002 INTERNATIONALCONFERENCE ON FINANCING FOR DEVELOPMENT AND THE 2008 REVIEW CONFERENCE AT THE SECOND COMMITTEE OF THE 66TH SESSION OF THE UNITED NATIONS GENERAL ASSEBLY ON OCTOBER 13, 2011

Mr Chairman,

Allow me to begin by thanking the Secretary General for his incisive reports on financing for development.

India aligns itself with the statement delivered by Argentina on behalf of the G-77.

Development finance lies at the heart of the global development agenda. The global community must fulfil the commitments it made in Monterrey and Doha, if we have to see credible action on the attainment of the MDGs and Other Internationally Agreed Development Goals.

The global economic downturn has made development financing even more critical. The crisis has had regressive impact on the capacity of countries to meet their development aspirations. Soaring energy and food prices coupled with limited growth continue to impose severe challenges on developing countries. In such a situation, these countries, in spite of their best efforts, are hardly in a position to mobilise higher domestic resources for development.

We must, therefore, ensure that economic growth is pursued as a priority for poverty eradication and development. Growth-promoting policies are central to raising public revenues.

Mr. Chairman,

Developing countries fully realise the benefits of relying on domestic resources for development as it enables them national ownership and to implement policies in line with their priorities. However, they have limited ability to exercise this option. Their dependence on external aid and support is not out of choice but compulsion.

We deeply appreciate the policy initiative undertaken by countries to pursue "financial inclusion" as an instrument of domestic mobilisation of resources and for promoting inclusive growth. In India, we have set ourselves a target of making all Indians bankable by 2012. A dedicated programme called *'swabhimaan'* has been launched for the purpose.

Mr. Chairman,

Foreign Direct Investment and trade are important for financing development. However, on their own, they are not sufficient to tackle poverty, hunger and disease, especially in the current global economic order which is most unfavourable to developing countries. Lack of market access, aid-for- trade and a multilateral rule-based trading system severely restricts the growth opportunities of developing countries.

The debt situation in a large number of developing countries has been untenable for quite some time, with their ratio of external debt to GDP being as high as 21.6% in 2010. This fundamental economic weakness has further retarded their development process.

Mr. Chairman,

It is clear that developing countries, especially the LDCs, LLDCs, SIDS and countries in Africa cannot meet the developmental challenges without external assistance. Official Development Assistance remains an important source of financing for them for which there is no substitute.

The gap in financing for development continues to widen. In 2010, only five donor countries had met their ODA commitment of 0.7%. The aid flow to developing countries last year stood at US$ 129 billion, representing only 0.32% of the total GNI of the donor countries and well short of the 0.7% mark. It is deeply worrisome that the global crisis is being made an excuse for not meeting existing commitments.

A large share of ODA continues to be allocated to social sector. In 2009, aid to productive sectors represented only 8% of the total ODA disbursed. This situation must change if we are serious about meeting the MDGs. There is need to improve aid predictability and transparency as well.

The commitment that the international community made in Monterrey and Doha of ensuring predictable development assistance including ODA, concessional financing and debt relief to developing countries and supporting nationally owned development strategies need to be fulfilled urgently.

South-South financial and technical assistance may be expanding lately but it cannot be a substitute for the North-South commitment. Nor can developing countries, which are burdened with huge socio-economic challenges of their own, be expected to meet the obligations of the developed world.

Mr. Chairman,

Given the resource gap in financing for development, it is imperative that innovative sources of financing are explored. We, however, see innovative sources as additional to and not a substitute for ODA.

There is also a need to have a common understanding on what constitutes innovative sources of financing. In the absence of a clear cut understanding, in many cases innovative financing is passed off as ODA. It is also important that these finances are disbursed in accordance with the priorities of countries and do not lay unfair burden on them.

We also note that while innovative financing may have worked in the health sector and in climate finance, it is yet to establish itself as an institutional support in other areas of development.

Mr. Chairman,

A comprehensive reform of the international financial architecture to address systemic issues is at the heart of general implementation of the financing for development process. India has been working closely with countries to ensure greater voice and participatory space for developing countries in the international financial institutions.

Mr. Chairman,

The financing for development process, as embodied in the Monterrey Consensus and the Doha Review Conference, is crucial for attainment of our development aspirations. We must adhere to its principles in letter and spirit.

Thank you.

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