

STATEMENT BY AMBASSADOR M.S. PURI, DEPUTY PERMANENT REPRESENTATIVE OF INDIA AT THE OPEN CONSULTATIONS ON 'STRENGTHENING THE SYSTEM-WIDE FUNDING ARCHITECTURE OF DEVELOPMENT ACTIVITIES OF THE UNITED NATIONS FOR DEVELOPMENT' ON 19 MAY 2009

Mr. Chairman,

Thank you for organising these informal consultations on the 'Strengthening the system wide funding architecture of development activities of the United Nations for Development.' Let me also thank the Deputy Secretary General for her presence.

At this stage, we do not propose going into the details but would like to assure you that we will be constructively engaged in this process. It is also of critical importance to look at the issue of financing along with governance.

India, of course, associates itself with the statement of the Joint Coordination Committee of G-77 and NAM.

Mr. Chairman,

These consultations are taking place during exceptional times when we are faced with the gravest economic and financial crisis since the inception of the present international monetary and financial institutions. Developing countries, though hardly responsible, are its worst victims. While even before this crisis, the key issue also for MDG attainment was quantity of financing available, the requirement for enhanced

ODA is all the more critical now when developing countries are facing an increased curtailing of capital flows.

Quantity, Mr. Chairman, therefore, remains the most important issue regarding financing for development, including the UN's development activities.

Moreover, developing countries must be the drivers and national ownership and leadership must be a real fact in the UN's development programmes, which must be directed towards the needs and aspirations of developing countries.

By their universal and voluntary nature, the UN operational activities for development are best suited to truly plug into national development plans steering clear of any conditionality based "from us to you" approach which is common among major MFIs. Therefore, exploring ways and means to enhance core, predictable, timely and without conditionalities funding for the UN is critical to achieving the objective of making the UN deliver coherently, relevantly and effectively.

Unfortunately, during 2002-07, the annual growth in ODA contributions channeled via the UN slowed from the previous decadal annual rate of 9.9% to 5.6% while the growth in bilateral ODA grew 6.1%. Moreover, the share of core funding in some of the key UN funds and programmes has come down from around 80% to 30% in the fifteen years since 1991. This continuous decline in core resources as a proportion of total resources provided through the UN and the preference for other multilateral and bilateral routes, which invariably have more conditionalities, is a matter of much concern.

The increasing imbalance between core-and non-core resources while adversely affecting effectiveness and coherence of UN Development Cooperation, is also detrimental to the normative, analytic and research capabilities of the UN entities in the long-term. It also pressurises the funds, programmes and agencies to re-orient their activities towards those that attract funding, which invariably means following donor agendas. In this context, let me underscore the need for credibility among developing countries. We are discussing the credibility among donor countries, but more important is the credibility among the recipient countries.

Mr. Chairman,

The recommendations in this paper to increase resources flows, including providing minimum of 50% of system wide contributions as core/regular funding, channelizing at least 50% of system-wide non-core extra budgetary resources to thematic funds linked to strategic plans of UN entities and through innovative mechanisms to increase voluntary funding are timely and pertinent.

Though not addressed in the present paper, the fact remains that the development pillar of the UN has been sidelined in terms of budgetary allocations in the last 10 years. Available statistics indicate that the total budgetary allocation for development pillar has gone down from 22.2% in 1997-98 to 17.8% in the 2008-09. The development pillar remains the top priority for an overwhelming majority of Member States and is a necessary condition for durable peace and security. Funding architecture with or without structural reforms needs to be strengthened to really strengthen the development pillar.

Mr Chairman, before I conclude, let me reiterate that in pursuing the effectiveness of UN development efforts the diverse needs and different stages of development of Member States must not be overlooked. Indeed, no one-size-fits-all. Moreover, national ownership, priorities and leadership must remain the key drivers of the UN development programmes.

Thank you.

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