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High Level Dialogue on
Financing for Development

Statement by the Honourable
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Member of the Chamber of Representatives
of Belgium

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Mr. President,
Ministers, Excellencies,

I am honored to address you today on behalf of the Inter-Parliamentary Union and as a member of the Chamber of Representatives of Belgium.

The IPU fully endorsed the 2002 Monterrey Consensus and has taken a number of steps over the years to facilitate its implementation within parliaments. These include a resolution adopted in 2005 on “*establishing innovative international financing and trading mechanisms to address the problem of debt and achieve the Millennium Development Goals*”, and another resolution, adopted last year, on “*overseeing the achievement of the Millennium Development Goals, in particular with regard to the problem of debt and the eradication of poverty and corruption.*” These resolutions have helped place development financing high on the agendas of parliaments around the world.

At the institutional level, two important steps we have taken are the institutionalization of a process called the Parliamentary Conference on the WTO, to facilitate trade negotiations, and the establishment this year of a Parliamentary Committee on United Nations Affairs. The Committee, which has a broad membership and met for the first time just two weeks ago, will help better coordinate cooperation between the two organizations and will examine, inter alia, how the United Nations is organizing its work in relation to financing for development. We will surely have more to report on the work of the Committee next year.

For the IPU, good governance and democracy are key to the implementation of the Monterrey Consensus. Weak parliaments yield weak democracies; and weak democracies in turn make for poor development outcomes. We therefore support reforms to strengthen the institution of parliament and improve decision-making in all domains, including those that relate closely to the Monterrey agenda. In particular, we have called for measures to fight corruption, including through accountable and transparent public sector management; we have worked for the economic and political empowerment of women, particularly through the implementation of gender-sensitive budgets; we have encouraged governments to submit more regular reports to parliaments on progress made in achieving the MDGs; we have called for direct parliamentary involvement in the negotiations of Poverty Reduction Strategy Papers (PRSPs); and we have asked our members to exercise more oversight and to demand more government accountability with respect to the activities of the Bretton Woods institutions.

Mr. President,

Official Development Assistance (ODA), a key element of the Monterrey Consensus, remains one of our principal concerns. ODA is not a panacea of course: it does not suffice by itself to advance the MDGs without policies to support entrepreneurship, investments and trade. But it is an area where parliaments can provide a very direct input, particularly through the budgetary process. In order to draw attention to the many problems besetting the management of ODA, a report was recently introduced to the IPU Standing Committee on Finance, Sustainable Development and Trade for a broad-based consultation with our member parliaments. That consultation will culminate in a

resolution on foreign aid to be adopted at our 118th Assembly in Cape Town, South Africa, in April 2008.

The problems with ODA are many and well known, of course. To mention just a few: recent “increases” are not all genuine, in that they include elements such as debt cancellations or emergency humanitarian assistance; about a quarter of all ODA remains tied and so fails to produce the required spin-off effects in the recipient countries; administrative overheads are too high and too much money is spent on outside experts; and – a point not mentioned enough here – total ODA amounts to just about one tenth of global military expenditures.

But what is by far the most important problem in ODA management has to do with weak *ownership* at the country level – the cause of a continuing misalignment between aid allocations and countries’ priorities and, consequently, of poor results on the ground. Stronger ownership of the ODA process can be achieved with more oversight and scrutiny by parliaments. It will also buttress politically the case for future increases of ODA and will become critical as ODA flows are increasingly being channeled through General Budget Support (GBS).

To increase ownership of ODA at the parliamentary level at least two things are required: more regular and in-depth scrutiny and information sharing between the executive and the legislative branches, but also more understanding by members of parliament of how ODA truly works. The truth be told, too many MPs, especially in the developing countries, do not have the capacities to exercise this role fully or do not understand the technical complexities of the ODA machinery. This is why we urge all donor agencies to pay special attention to the needs of parliaments in developing countries and to earmark more funds toward parliamentary capacity building.

Developments in the context of the recent creation of the Development Cooperation Forum (DCF) of the Economic and Social Council suggest that the need to involve parliaments in improving aid effectiveness is gaining ground. The IPU was invited to attend the first substantive consultation on the DCF that took place in Vienna this past May, and also participated at the official launch of the DCF in July. More important, we will be working with the DCF Secretariat to help organize the parliamentary component of a tripartite Stakeholders Forum, including civil society and private sector representatives, in May of next year. We hope very much that the Forum will become a permanent fixture of the preparatory process for every future DCF, thus ensuring that the voice of parliaments is heard on this important subject.

Mr. President,

Further trade liberalization through the Doha Round is another important item under the Monterrey Consensus where we have been very active. Through the aforementioned Parliamentary Conference on the WTO, which we have created together with the European Parliament, we are working with hundreds of committed parliamentarians from around the world to enhance the external transparency of this intergovernmental trade organization.

In fact, despite some improvements over the past few years, there remains an apprehension among parliamentarians that the WTO is more than a mere trade organization. Its rules and rulings extend far beyond the traditional domain of tariffs and

trade in goods to domestic fields such as health, education, employment, food safety and the environment, to name but a few. In some cases, WTO rules define the kind of laws that legislators can and cannot pass and establish standards that they must meet. This leads to tensions, which can be further exacerbated when the WTO dispute settlement system is used to challenge national laws. As direct representatives of the people, parliamentarians are often the first to have to respond to communities that are undergoing often painful adjustments because of trade liberalization.

Five years ago, when the parliamentary process on the WTO was only starting, many questions were asked as to the usefulness of parliamentary involvement in the WTO. Today, most of these doubts have dissipated. The presence of parliaments and their members on the international arena has not altered the fundamental equation: it is for governments to negotiate on behalf of States, and it is for parliaments to scrutinize government action, influence policies pursued in intergovernmental negotiations, ratify trade agreements and adopt implementing legislation and budgets.

Parliamentarians are very concerned that the Doha Round negotiations are jammed. While the current stalemate in the Doha talks results from insufficient political will, which reflect conflicting pressures from constituents at home, members of parliament are ready to assume their share of responsibility for re-launching the talks. Just last week, a group of parliamentarians closely following the WTO negotiations met at the IPU with ambassadors of the G4 group of countries and with chairpersons of WTO negotiating groups on agriculture and NAMA. We have reasons to believe that, if legislators were to pay just a little more attention, at least some of the obstacles can be removed. We also believe, however, that further trade liberalization would stand a greater chance if governments were to institute stronger labor adjustment programmes, invested more in education and training, and strengthened safety nets.

Mr. President,

We will ask parliaments to work closely with their respective governments on all of these issues as we move toward a second international conference on financing for development at the end of next year. In the meantime, I wish you the best success with the preparatory work.

Thank you.