

"STATEMENT BY AMBASSADOR S.R. INSANALLY, PERMANENT REPRESENTATIVE OF THE REPUBLIC OF GUYANA TO THE UNITED NATIONS AND CHAIRMAN OF THE GROUP OF 77, ON ITEM 3: INTERNATIONAL FINANCIAL COOPERATION FOR DEVELOPMENT, IN THE INFORMAL MEETING OF THE AD HOC OPEN-ENDED WORKING GROUP ON FINANCING FOR DEVELOPMENT"

"New York, 18 March 1999"

"Like the two themes which we have considered so far in the Working Group, international financial cooperation is a complex issue - one that does not lend itself to any summary treatment. On this occasion, I would do no more than highlight some of the more important views and concerns which the Group of 77 and China has on the subject."

"As can be imagined from the current situation, of continuing decline in development funding, a major worry for developing countries is that international financial cooperation has been greatly reduced. The generosity of spirit which animated developed countries in the early post World War years, has all but disappeared- in its place now appears the belief that ODA is both wasteful and wasted. There is thus diminished support for assistance to developing countries. This "donor fatigue" has been accompanied by efforts to have the UN system tighten its belt in order, as it is said, to do more with less. Developing countries, on the other hand, are discouraged by these new attitudes and are anxious to place financing on a more sound, democratic and predictable footing. Unless and until this divergence of views is removed, there is little hope for improvement- A primary task for the high level forum therefore would be the elaboration of a common vision and strategy that would define a new development partnership aimed at boosting international financial cooperation."

"The concept of partnership requires that cooperation be premised on mutual respect and equitable arrangements. It must embody rights and obligations on which all sides can rely. It certainly should not be left to the whims and fancies of the stronger partners. Nor should it be subject to conditionalities which offend the normal sensibilities of the beneficiaries. Of course, developing countries do accept the need for some mutually agreed conditions to guarantee the proper utilisation of transferred resources. They cannot accept however, as experience continues to show, the application of inappropriate and unjust conditions either by bilateral donors or by multilateral institutions. Accordingly, our dialogue on development financing must seek the depoliticisation of international cooperation."

"In this context, I am obliged to mention our Group's continuing preoccupation with the concept of results based financing which is being firmly advanced by donors and is fast becoming a sophisticated conditionality. G-77 countries do not believe that there is any single yardstick by which the efficiency or the effectiveness of resource allocation can be measured. Each case has to be considered in the light of its own circumstances. The absence of tangible results in some instances may not signify that the resources expended were entirely lost; there may be shortcomings which by themselves do not negate the value of the operation. We must therefore be prepared to exercise some flexibility of assessment."

"For their part, the developing countries which constitute the Group of 77 and China are generally agreed that they need to develop policies and create a domestic environment which are propitious to an expansion of international economic cooperation. They fully realise that they must work with their domestic partners to ensure that the public in their countries are supportive of the development cause. In the absence, however, of an evident commitment of Governments to development, people can hardly be expected to be enthused about contributing funds. It is urgent, therefore that, at the international intergovernmental level, we seek to reach early consensus on both the need for international financial cooperation and the means by which it may be advanced."

"In an increasingly interdependent world, the form and scope of international cooperation is undergoing a significant transformation. For one, it is no longer limited to the traditional participants - namely Governments but is rapidly extending to non-governmental organisations and the private sector. Whether on purely moral and humanitarian grounds or motivated by sheer self interest or even profit, these new participants provide not only a larger dimension to the concept of international financial cooperation but also, significant resources for its implementation. We will need therefore to give closer attention and consideration to ways and means of strengthening our association with these various actors for the purpose of maximising their potential for cooperation. Such cooperation must of course be complementary to - and not in substitution of - traditional intergovernmental cooperation,"

"Special attention needs to be paid to cooperation with transnational corporations which dominate the allocation of investments and trade patterns in the rapidly globalising world economy. Engaging them in a dialogue could lead to a greater sensitivity on their part to the development needs in countries where they operate. After all since they are the greatest beneficiaries of a stable and healthy economic climate, they have a vested interest in contributing to its creation. By helping to provide assistance in infrastructure and technology, for example, they could release their host countries from costly expenditures in these areas and allow them to devote the resulting saving to other important development projects. Ultimately, the welfare of these corporations depend on an appreciable degree on the policies of governments and naturally vice versa. A cooperative relationship between them could obviously serve to promote mutual confidence and interest in a working, partnership. The Working group should encourage a close encounter of this kind for consideration at the high level forum."

" Worthy of mention too is the underutilised potential for regional and interregional programmes that could offer countries of the South increased efficiencies and investments for their enterprises. It is to be hoped that the first ever South Summit which is now scheduled to be held early next year in Havana, Cuba will catalyse the expansion of such schemes and open up greater possibilities for horizontal collaboration. Meanwhile, more traditional North/South"

"links could benefit developing countries by offering advanced infrastructure and technical know-how in addition to permitting the transfer and reallocation of resources. Clearly, much more can be done, by Governments in both North and South to provide a political framework in which opportunities for such links can be created."

"In sum, Mr. Chairman, what we need to do to take international financial cooperation to a higher level is to persuade the partners that there are no losers - only winners in working for a common good. Surely there can be no better argument for such cooperation than the observation that we are all involved in the web of life. As the poet has said (Martin Carter):"

*"Like a jig
shakes the Loom"
like a web
is s"
pun the pattern
all are involved!
all are consumed!"*

International financial cooperation: for development, Mr. co-Chairman, is therefore not to be seen as an act of charity, to be performed gratuitously by the more fortunate but rather as an obligation if indeed, this interdependent world in which we live, is to be sustained for succeeding generations. Attached to the routine services we enjoy for safe, dean and healthy living are certain costs which we, as users and beneficiaries must be prepared to pay. Only by accepting this fact can international financial cooperation be rationalised and placed on a firm basis, Clearly, therefore, the paramount task of the high level dialogue would be to advance

such a compact an international financial cooperation.

I thank you.

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