

Statement by the representative of Guyana on behalf of the Group of 77 and China on theme No. 8: Interrelationship between major elements and other related topics, before the Ad Hoc Working Group on Financing for Development

New York, 8 April 1999

Mr. Co-Chairman,

Over the previous seven days of our deliberations we have engaged in a substantive discussion on issues of seminal importance to development and have moreover stressed the need for a holistic approach to the issue of financing for development.

It is the view of the Group of 77 and China that this item may be utilized to clarify the macro-linkages between the phenomena of globalization and interdependence and the promotion of international cooperation for development in this new environment; and interrelationships between the constellation of major stakeholders, developed and developing countries, multilateral institutions, the private sector and NGOs, with a view to better understanding and shaping these relationships in order to ensure that whatever compact can be agreed upon in the context of the process on Financing for Development would promote equitable global economic development and the sharing of benefits therefrom. This opportunity should be used to demonstrate clearly that there is merit and mutual advantage in international economic cooperation for all countries.

The Group of 77 and China also considers - and our discussions have borne this out - that there are linkages between and among items 1-7. These linkages must be highlighted especially in the context of the implementation of any programme that might be agreed upon in finance for the development process. Development for Financing must be approached holistically while taking due cognizance of the peculiarities between different countries at different stages of development.

Whereas the Group in principle supports all the sub-items under this theme, we believe that in the actual consideration it could be wider and richer. For instance, the sub-item on peace-building, military matters and development could be broadened to embrace all aspects of peace and stability, the social dimension and development. At the same time there may be need to devote considerable attention to the broader development policy issues at the domestic and international levels and the ways they impact on each other. The issue of conflicts, post-conflict peace building, rehabilitation, reconstruction and development should also be examined more closely.

The Group of 77 and China regards the unfolding exercise as providing further impetus to the promotion of overall growth of the global economy on a sustainable basis. In the process it must be emphasized that the gap between all countries, especially the least developed countries and the developed, should be progressively narrowed and the marginalization of the least developed countries and Africa reversed. Poverty eradication, the creation of opportunities and the attainment of economic growth and sustainable development are the overarching goals. In deliberating and making concrete proposals to attain those goals, the peculiarities of different countries in different stages of development must be recognized. Policy formulation and prescriptions at the national and international levels must take this aspect into serious consideration. One size can not fit all.

The major international conferences and summits of the 1990's have largely defined the development agenda for the foreseeable future and reached concrete plans of action and commitment for their implementation. The financing for development process should provide further impetus to their implementation.

The Group of 77 and China wishes to stress the inherent global good for all countries of pursuing

development cooperation on the basis of genuine partnership and mutually beneficial arrangements. In this connection it is important to recognize that contemporary realities (globalization, liberalization and interdependence) call into question the validity of traditional perceptions of development cooperation based on donor/recipient modes and mindsets. On the surface traditional international modes of financing for development such as official development assistance (ODA), foreign direct investment (FDI), trade and other forms of capital flows appear to be one directional, but in fact the interaction of these elements combine in a dynamic process with the resources of developing countries in a manner that benefits all actors. Even traditional theories of development cooperation have explicitly recognized that procurement and the creation of larger and stronger markets would benefit the sending countries. Investment destinations shoulder the responsibility to create the right social, political and economic environment for foreign direct investment.

In order to ensure both a successful outcome of the international event on financing for development and ensure its effective implementation, it is necessary to mobilize political opinion in support of the initiative. The United Nations, its organs and bodies, in collaboration with all the relevant multilateral agencies and other relevant regional intergovernmental organizations are uniquely placed to carry out such advocacy and public information campaigns as are necessary to ensure not only support but the proper appreciation of the common benefits, for both developed and developing countries of development cooperation and also in debunking certain stereotypes that have adversely affected efforts to promote development cooperation. Moreover, it must be emphasized that support for fledgling economies will not be indefinite. Historically, all countries have utilized external resources in some form or another in their development efforts. It is also an established fact that many have since graduated and assumed donor status.

The state and the relevant multilateral institutions have an explicit and very important role and stake in the process underway. The other stakeholders, such as the private sector, Non-Governmental Organizations and civil society which are emerging as the driving forces for economic, social and political change will then take charge at the implementation stage. There is, therefore, need to clearly define these roles. It is also necessary to look into ways that will make it possible for the profit motive of private investors to converge somewhat with the requirements of social and environmental responsibility and equity. The responsibility for legislating such arrangements rest squarely with governments.

In order for any set of interventions to make a sustainable impact on the development prospects of developing countries, it is imperative that the international economic and financial playing field be level. This poses practical questions that need to be responded to, including:

- the need to level the playing field as a serious objective in the context of the processes on financing for development and reform of the international financial architecture;
- the need to determine what ought to be done about it and by whom?
- apportioning responsibility for action at all levels.

Consideration of the above questions could lead to clearer proposals in such areas as ODA, market access, capacity building, trade and investment promotion, physical and institutional infrastructure issues and innovations on how to tap new and additional resources.

The notion that peace and development are two sides of one coin is well established. Development and development cooperation have far reaching implications for peace and stability, security and social stability at the national, regional and international levels. On the other hand, development cannot take place sustainably in absence of the conditions necessary for peace, security and stability. These aspects must be examined in order to promote a better understanding and appreciation of all aspects of international interdependence and cooperation and the benefits therefrom for all countries. There is also the need to examine carefully the set of actions that are necessary to address the unique situation of countries in conflict and post-conflict situations because this has a direct impact on their effective participation in the development process.

There are lessons learned in all areas that have relationship to the unfolding exercise that can help forge a better understanding of the process of development and development cooperation and guide in avoiding the mistakes of the past. For example, what lessons have we learned regarding the nature, pace and impact of globalization as a result of the Asian crisis and its fallout in various regions? Following from that, are all countries and the international economic and financial institutions prepared and capable of responding to future economic and financial exigencies? What is the way forward?

The Group of 77 and China believes that the concrete follow-up, monitoring and evaluation of the outcome of the special event on financing for development require that a set of user friendly indicators and benchmarks be agreed upon. It will also be necessary to put in place a periodic review process. The institutional aspects of follow up would also have to be examined in detail. There is a general feeling in the Group that this aspect qualifies as a theme and key element in itself.

I thank you.