

Statement by Mr. Mohammad Ali Zarie Zare, on behalf of the Group of 77, at the Third Session of the Preparatory Committee For the International Conference on Financing for Development: Increasing international financial cooperation for development through inter-alia Official Development Assistance (ODA)

New York, 7 May 2001

Increasing international financial cooperation for development through inter-alia official Development Assistance (ODA) plays a critical role in the development process of all developing countries in particular LDCs, African countries, Small Island Developing States (SIDS) and Land Locked Developing Countries. It has contributed tremendously to the desired goals of sustainable economic growth and poverty reduction in LDCs and low income countries. ODA in its various forms has served as a source of financing for provision of technical assistance, development of human capital, capacity building to overcome constraints of remoteness and isolation from the world markets, expansion of infrastructure and productive capacity, diversification of export bases, and improvement in the in the overall environment conducive to a higher level of public and private sector activities and investment.

- The Group of 77 and China considers international financial cooperation for development, including ODA, a crucial tool in empowering people in developing countries to fulfill the right to development, and a critical investment in expanding global prosperity. We should view the prevailing challenges and problems of the globe as confronting all of us as people, and joint efforts to resolve the world's problem of poverty, hunger and disease pandemics. Global policies that seek to achieve justice and equality in ODA flows to combat the perennial problems facing the world today should be given due recognition. Enhancing ownership of national policies will ensure that ODA will make an effective contribution to the development of recipient developing countries.

- The need in developed countries to undertake programs to enhance mobilization of public and political support for attaining the agreed ODA targets, including through the promotion of the understanding that the adverse impact of global challenges will not be only on developing countries but it can also have some impact on developed countries. Through analyzing these issues that how we can address these challenges locally more cheaper rather than at regional or global levels. Promoting the ideal objective of looking at each other as people not citizens of states and that ODA is a critical investment in expanding global prosperity that could create benefits and opportunities for all.

- Having objectives at the different global conferences, particularly at the millennium summit, for poverty eradication with specific time schedule, there is also a need to have a time-table for mobilizing necessary resources for implementation of programs and projects to achieve those targets and objectives. Developed and donor community should redouble their efforts and their political will to increase the amount of ODA towards meeting their international commitments. The Group of 77 and China Calls for a number of developed countries to keep the current level of assistance around the agreed target and a larger number of other developed countries to increase the volume of their contributions towards reaching the agreed target of 0.7% of GNP, as well as, the agreed target for LDCs of 0.15%to 0.20%, expeditiously. Donors should undertake collectively or individually to achieve the ODA target at a time to be agreed upon before the International Conference. Let me also stress that the domestic resources are the major source of financing for development and ODA is seed money to mobilize more resources, therefore sustained economic growth is the most important factor for mobilization of more resources for achieving the agreed objectives of United Nations major conferences.

- The flexibility, simplification, and harmonization of disbursement procedures and eliminating conditionalities on aid will reduce the bureaucratic layers on designing programs and delivery and hence,

reduce transaction costs. Capacity building in designing the projects and delivering the services will improve the effectiveness and efficiency of aid delivery, as well as, ownership of the programs. The delivery arrangements should be compatible with the development imperatives of developing countries and should use country-owned frameworks for coherence and coordination, therefore, enhancing national capacity for coordination of ODA is imperative. As far as coordination among United Nations Agencies at the field level is concerned, the Group of 77 and China supports their coordination for reducing management costs at the field level. Nonetheless, we believe that promoting the capacity of developing countries to create the necessary framework for coordination will be less costly and its continuity will be preserved at the field level.

- On how to enhance cooperation between donors and recipients, the Group of 77 and China believes there is a firm platform of objectives and commitments agreed at the international level at the highest political level and probably there will be some other conferences at the international level including international conference on financing for development that could follow the same path and lead to more understanding and consensus building on development issues among international community. Therefore, a strong consensus framework exist for action but the resource mobilization for its implementation, particularly at the international level, is facing serious challenges. This challenge should be addressed in earnest and expeditiously.

- It seems that the existing mechanisms are not able to ensure the continuity of provision of resources for operational activities. There has been some endeavors by the multilateral system to create more predictability for resource contributions towards operational activities but the expected outcomes are yet to be realized. There is a strong need to increase ODA to match short- and long- terms needs of developing countries. Studying a system where contributions to aid efforts are obligatory and the annual flows are predictable should be considered. The United Nations could undertake the regular assessment, monitoring and reporting of ODA provision, allocation, use and contribution to developing countries.

- South –South cooperation in the implementation of projects and service delivery, including through regional and sub-regional triangular cooperation, could increase efficiency and reduce costs. Nonetheless, the resources for such cooperation should be provided mainly by international donor community and the level of technology existing in the south could scarcely meet the needs of developing countries.

- Global public goods and services- although there is no agreed definition at the international level- have traditionally been considered within the purview of national domain. The expansion of communications and the on-going process of globalization has left no option for provision of such GPGs through domestic policies alone. Therefore, a strong and genuine international partnership and cooperation is necessary to engage new bodies and institutions in developed countries to provide the necessary resources for GPGs to prevent diversion of resources from ODA for them. The financing for GPGS should, therefore, be provided from new and additional resources. Such resources at this stage should come mainly from the public bodies of developed countries and they have the capacity to justify these issues for the private sector to convince them to contribute to ensure continuity in the provision of GPGs. Mechanism to facilitate payments by one country for provision of GPGs by another country which cannot be offset or mediated by market forces is a strong and favorable option. The Group of 77 and China deems it necessary to consider utilization of ICT for development as a GPG which could also create huge opportunities for both developed and developing countries. It seems that the volume of economies of scale that ICT could provide for supply and demand could create a platform for studying some of the constraining impacts of IPRs in this respect. Studies should be conducted on the currency transaction taxes and other proposals for innovative sources for development finance by the United Nations in cooperation with relevant stakeholders to analyze the pros and cons of such proposals.

Thank You, Mr. Chairman.