STATEMENT BY H.E. CHIEF ARTHUR C.I. MBANEFO, MFR, AMBASSADOR/PERMANENT REPRESENTATIVE OF NIGERIA TO THE UNITED NATIONS AND CHAIRMAN OF THE GROUP OF 77, ON AGENDA ITEM 92(e): FINANCING OF DEVELOPMENT, INCLUDING NET TRANSFER OF RESOURCES FROM DEVELOPED TO DEVELOPING COUNTRIES IN THE SECOND COMMITTEE OF THE 55TH UNGA

New York, 6 October 2000

Mr. Chairman,

I have the honour to speak on behalf of the Group of 77 and China in respect of agenda item 92 (e): Financing of development, including net transfer of resources from developed to developing countries. I wish to express our appreciation for the report of the Secretary-General contained in document A/55/187. The document not only provides a detailed and incisive analysis of trends of flow of financial resources to developing countries; much more important, it presents this Committee with a graphic picture of the impact on the countries of the developing world.

Mr. Chairman,

Development requires sound domestic economic strategies and programmes and an enabling external environment, particularly in trade, finance and investment. The report before us confirms there have been fluctuations in the flow of resources to developing countries. The aggregate official financing has witnessed a sharp decline, while the private flows have only marginally recovered from the decline at the onset of Asian crisis. Likewise, the official development assistance (ODA) which has been increasing slowly, remains substantially in a depressed state. Overall, the overwhelming financial flows and investments have taken place mainly among the developed countries. The picture is, therefore, quite grim for many developing countries with the increase in financial resources and investment flowing to a few countries.

We are very concerned at the lack of enthusiasm of our development partners, and international financial institutions to facilitate increased flows of funding for targeted debt relief for severely or moderately indebted developing countries. Crippling debt in the developing countries has been universally acknowledged, as the major obstacle to social and economic development. The situation is further compounded by the fact that debt-to-export ratio of developing countries in general and sub-Saharan Africa and Least Developed Countries in particular has been on the increase. While the Group of 77 welcomes current initiatives, including Highly Indebted Poor Countries (HIPC) framework, targeted at reducing the problem of external debt overhang, it notes, with regret that they have not brought the expected relief to the countries concerned. The Group believes that the time is most opportune for urgent action on all categories of debt, giving the unprecedented growth in income and wealth in most developed and industrialized countries. It is the view of the Group that developed countries should cancel all debts of developing countries so as to release substantial financial resources for their development.

Mr. Chairman,

It is the view of the Group that the major cause of the imbalance in financial flows and investment, is from the policies of developed countries and decisions of the international financial and economic institutions, the implementation which are often unfavourable. Some of these policies relating to exchange rates of major currencies directly impinge on the monetary and fiscal problems of developing countries. This situation is compounded by the uneven effects and the challenges of implementation of structural reforms, to enhance stability and economic growth.

Mr. Chairman,

The Group is of the view that the international financial system as presently constituted, cannot adequately address the obvious imbalance in the flow of financial resources and investment facing developing countries. The existing international institutions operate on the basis of articles and constitutions drawn up to address problems of a different era. As a result, participation of developing countries in their decision-making process is not only limited, but in some cases nonexistent. This situation has continued to be detriment to developing countries.

Mr. Chairman,

The reform of the international financial institutions should therefore be at the heart of any meaningful efforts to build or create a new international financial architecture that addresses the concern of the international community, particularly the developing countries. Such a new system should have as its cornerstone, improved access of exports of all countries, particularly from developing to developed countries' markets. It should also serve as the framework for a financial safety net that would protect economies of developing countries, particularly those threatened by imminent financial crisis.

Mr. Chairman,

Our Group believes that regional financial institutions should have a pro-active role to play in ensuring and sustaining financial stability as well as economic growth and development of developing countries. We commend the efforts of such regional development banks, such as African Development Bank and Asian Development Bank for their support, which has helped to reposition several governments in the developing countries on to the path of economic recovery and growth. We are confident that in a new reformed financial system, they will continue to be engine of growth and economic integration in our regions.

Mr. Chairman,

The role of relevant stakeholders particularly the private sector, in enhancing the flow of financial resources and investments to developing countries cannot be over-emphasized. Many of them, through their investment, have demonstrated confidence in the enabling environment being created in our countries. The Group believes that this trend should continue, convinced that the overall interest of our peoples would be served.

Mr. Chairman,

This Committee has an invaluable opportunity to agree on a platform of action to address the issues of financing of development. There is an urgent need to facilitate the flow of adequate financial resources, on a continuous and predictable basis to developing countries. In this regard, we commend the collaboration among the United Nations, the World Bank, the International Monetary Fund, the World Trade Organization, as well as relevant stakeholders in addressing many of these issues. The forthcoming International Intergovernmental High-level Event on Financing For Development to be held in 2001 should provide us the platform for achieving this goal. Our Group is committed to the success of that conference. We urge our development partners to demonstrate a similar commitment.

In conclusion, Mr. Chairman, I wish to draw attention to the observation made at the recent Annual Meetings of the International Monetary Fund and the World Bank in Prague. At that meeting, the President of the World Bank indicated that more and more developing countries are keeping their side of the bargain, by putting in place policies for sound economic growth and shouldering extraordinary responsibilities. However, only a few countries in the developed world are keeping their side of the bargain. To reverse this trend, the Group supports the Bank's call for increase in aid; additional resources for deeper, faster and broader debt relief; the dismantling of trade barriers to poor countries; and new and credible instruments, including grants to enable the international community address major issues of development.

I thank you.