

STATEMENT ON BEHALF OF THE GROUP OF 77 AND CHINA BY ARTHUR MWAKAPUGI,  
PERMANENT MISSION OF THE UNITED REPUBLIC OF TANZANIA TO THE UNITED NATIONS IN  
THE SECOND COMMITTEE OF THE GENERAL ASSEMBLY ON AGENDA ITEM 95 (A):  
MACROECONOMIC POLICY QUESTIONS: FINANCING OF DEVELOPMENT

New York, 16 October 1997

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Mr. Chairman,

I have the honour of addressing this Committee on behalf of the Group of 77 and China on agenda item 95 (a): Financing of Development.

Permit me, at the outset, to express our appreciation to the Secretary General for preparing and availing us very useful and illuminating documentation on this item. The introductory remarks of the Director of Macroeconomic and Social Policy Division has enlightened us further on the trends and perspectives on the main issues on the agenda item.

Mr. Chairman,

The Group of 77 and China identifies financing of development as the most critical and core issue in the quest of evolving a dynamic international cooperation for development. Evidently, all of the outcomes of the all of the major international summits and conferences have explicitly and implicitly addressed and highlighted the indispensability of financial resources for development. The reviews undertaken on those outcomes highlight that the major factor for not implementing effectively the recommendations of those outcomes have largely related to deficient actions on financial resources for development.

The report of the Secretary General contained in document A/52/399 is very insightful particularly on the main aspects in the sources and mobilization of domestic and external resources for development in developing countries. The empirical data presented ascertains the importance and the compelling need for enhanced mobilization and provision of resources, in particular, external resources for meeting the priority development needs of developing countries.

The report basically highlights the main sources of finance for development, policy actions in the mobilizing financial resources and challenges of development financing. It identifies domestic savings of developing countries and international resource transfers to developing countries as the main sources of financing development. It is particularly noteworthy that the report acknowledges that developing countries have largely relied upon their domestically-generated savings to finance their investment. The complementary and supplementary support of the international community has not been forthcoming commensurate with the required needs of developing countries.

In other words, while developing countries have been making strenuous efforts in domestic resource mobilization through various actions, including adjustment programmes, requisite transfers from the developed countries have been inadequate. Net transfer of resources to developing countries have averaged less than 1% of their gross domestic product (GDP). There was net transfer of official resources out of developing countries in 1996, as the new inflows of official loans and grants were less than the outflows of interest and principal. Worse still, official development assistance (ODA), from member countries of Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development (OECD) fell by about \$4 billion in 1996, a decrease of 4% in real terms from 1995. As a share of the combined gross national product (GNP) of DAC member countries, ODA fell to its nadir, to only 0.25% in 1996. As a proportion of the combined GNP of donor countries, ODA flows to the Least Developed Countries

(LDCs), fell from 0.09% in 1992 to 0.06% in 1995, far below the United Nations target for LDCs of 0.2%.

Indeed, we have noted that flows from private sources to developing countries have increased significantly in recent years. However, the distribution of these private flows to individual developing countries remain highly uneven. Ten countries accounted for over three quarters of the total flow in 1996. Obviously, it is very difficult for developing countries, in particular LDCs in Africa, to attract these private flows on any substantial scale, bearing in mind of their extremely difficult socio-economic conditions and structural constraints. These countries will continue to depend on ODA flows and other similar concessional sources for financing their development process.

Mr. Chairman,

In their Final Declaration, the Ministers of Foreign affairs of the Group of 77 meeting in New York on 26 September 1997 reiterated the urgent need for a substantial increase of ODA in view of the declining levels of such assistance in recent years. In this regard, the Ministers strongly urged compliance with internationally agreed targets of ODA and commitments for new and additional resources. In particular, they urged the developed countries to provide 0.7 per cent of their GNP to developing countries by the year 2000 and commitments reflected in Agenda 21 as well as 0.15 per cent for the least developed countries in accordance with the Paris Declaration and the programme of Action adopted in September 1990. This position also strongly endorsed the appeal made by the Ministers of Finance of the Group of 24 held on 20 September 1997 in Hong Kong to urgently convene an international conference on the financing of development to be co-sponsored by the United Nations and the Bretton Woods Institutions.

Mr. Chairman,

Clearly, the international community is faced with multi-faceted challenge to effectively grapple with multidimensional problems facing developing countries, such as poverty eradication and capacity building for national ownership of their development process. The international community has to address these issues more squarely. Certainly, effective mobilization and provision of financial resources for development poses the greatest challenge to the international community.

The factual presentation in the report of the Secretary General do not go far enough to address the serious adverse trends in the ODA flows and the imperative of a comprehensive approach in tackling the disquieting trends in the financing of development.

The Group of 77 and China strongly believe that the convening of an international conference on the financing of development offers the best opportunity to the international community to address the issue most comprehensively and to chart out the most feasible, desirable and durable national and international measures and actions. The conference would be able to 'teeth' and facilitate the effective implementation and operationalization of the agreed Agenda for Development. The leadership of the United Nations in the preparatory process for this conference would be crucial.

Mr. Chairman,

With these few remarks, I would like to indicate that the Group of 77 and China intends to introduce a draft resolution on this item for consideration by the Committee.

I thank you

