

**STATEMENT BY MR. OSITADINMA ANAEDU OF NIGERIA, ON BEHALF OF THE GROUP OF 77 AND CHINA, BEFORE THE COMMISSION ON SUSTAINABLE DEVELOPMENT INTERSESSIONAL AD HOC WORKING GROUP ON FINANCIAL RESOURCES/TRADE AND INVESTMENT/ECONOMIC GROWTH**

New York, 22 February 2000

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Mr. Chairman,

The Group of 77 and China would want to congratulate you and your fellow co-chairman on your election. The Group firmly believes that this is an expression of confidence of all delegations in your ability to pilot this session to achieve substantive results.

Mr. Chairman,

The Group of 77 would, however, not fail to point out that while accommodating the Secretariat and indeed give wider latitude to its work constraints, we are concerned that the Secretary-General's reports for the session were not received officially as at when due. The availability of advance unedited copies does not allow for thorough preparation and has imperiled the Group and would definitely adversely influence the way the G-77 will participate in this session. The Group will certainly need time to get information from capitals and missions in Geneva in seeking for a common platform on different issues.

Mr. Chairman,

The Group recognizes that while the report of the Secretary-General provided great details on the innovative ways and means of mobilizing domestic sources of capital for sustainable development, it totally avoided such schemes to mobilize resources from the international financial system. It further avoided to discuss in detail the volatility of financial crisis in developing countries, including East Asia as well as how to address the weaknesses in the international financial system. It did not also address how to encourage participation of developing countries in addressing this problem or the inter-linkages between trade and environment.

The impression being conveyed is that innovative and domestic financial mechanisms are substantially sufficient to achieve sustainable development. While the Group is well disposed to deliberate on various models designed to promote the mobilization of domestic sources of capital, including environmental subsidies, taxes and charges, with due attention to specific national conditions, these should not replace the intensification of efforts for international financial mechanisms to mobilize existing and new and additional resources. The domestically designed models should be addressed in such a way that they are not imposed or used as conditionalities on developing countries. Further, care should be taken not to replicate economic standards or models valid for developed countries in developing countries because they may constitute unwarranted social and economic costs on developing countries.

Mr. Chairman,

The Group recognizes that a series of financial crises, including the Asian crisis, have had negative impact on financing for sustainable development. In the area of mobilizing of external resources for development, the challenges ahead include enhanced mobilization and more stable resources of international investment flows towards larger number of recipient developing countries and reversing the decline of official development assistance (ODA). There is a need for finding lasting solutions to the debt problems of developing countries, and the domestic framework of mobilizing internal resources to attract foreign direct investment (FDI). It is important that attention is given to identifying ways and means of improving the debt situation in Africa and to address the causes of that indebtedness.

It is evident that ODA remains a critical resource for sustainable development of developing countries. The Group notes with appreciation the few countries that have continuously met their ODA target. The recent encouraging trend by the OECD donor countries to untie their ODA to respond better to national development needs, particularly for the least developed countries is welcome. In this regard, the Group calls upon the developed countries to sustain efforts to improve substantially available resources. It is crucial that all commitment of Agenda 21, particularly those contained in chapter 33, and the provisions on new and additional resources that are both adequate and predictable be urgently fulfilled, with due regard to clear commitments made in Rio.

Debt relief programme should form part of a comprehensive framework to facilitate release of substantial resources for financing for development and to ensure that debtor countries do not fall back into arrears overhang. This should be done through the elimination of the structural causes of indebtedness. The enhancement of highly indebted poor countries (HIPC) initiative, which was proposed at the Cologne Summit and subsequently endorsed by IMF/World Bank meeting in September 1999 to link debt relief with poverty alleviation and allow debtor countries to target budgetary savings to social expenditures, is encouraging. This, however, should be taken a step further by both bilateral and multilateral creditors to consider ways and means of identifying portions of debt assessed as unpayable for substantial reduction or outright cancellation. The middle-income developing countries faced by financial crisis should be provided a framework of financial assistance, including debt rescheduling and substantial reduction of their stock of debts.

There is also the need to remedy the FDI flows to developing countries to correct the imbalance in the share in total FDI flows, particularly for LDCs whose share stood at 1.5 per cent in 1998. The international community should support developing countries in their efforts to devise FDI strategies to support appropriate proactive policy frameworks to promote FDI flows to developing countries. It is imperative that for this framework of financial resource mobilization to be achieved would require the development of capacity building and appropriate transfer of environmentally friendly technology to developing countries.

Mr. Chairman,

In order to finance their sustainable development needs, developing countries need access to markets for their products from developed countries in particular. It is therefore necessary to address outstanding issues of the Tokyo and Uruguay Rounds: Removal of restraints on and liberalization of those areas in which developing countries have successful exports. Among these issues are: liberalization of trade and agriculture; the removal of tariff peaks and tariff escalation and elimination of subsidies in food and other products; and

ending the abuse of antidumping procedures; addressing the problems of origin, phyto-sanitary measures, technical standards and environmental barriers, in those areas of interest for developing countries.

Eradication of poverty remains outright objective of sustainable development. This session would not see itself as having achieved much if it does not bring to focus elements that will lead overall to eradicating poverty.

Thank you, Mr. Chairman.

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