

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: Mobilization of Domestic Resources

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The Group of 77 and China believes that countries have the primary responsibility for their economic development. The domestic resources are the primary sources to finance the development activities in any country and are the foundation for self-sustaining development. Countries should make every effort to create an enabling environment to expand the domestic resource base, establish and strengthen mechanisms and institutions to increase and preserve those resources and to make the best and the most efficient use of them. Many developing countries have made serious attempts to pursue sound macro-economic policies, develop their human resources and to promote good governance and cooperate with civil society. They are also cognizant of the fact that, among others, sound national macro-economic policies that enhance saving and productive investment; development of institutional structure for planning and implementation of macro-economic policies; efficient tax system and encouragement of tax culture; effective financial systems; regulatory mechanism, including prudential regulations, are necessary for mobilizing and the best utilization of domestic resources. Nonetheless, we would also like to emphasize the strong need for supportive and conducive international environment, including:

- More stable and non-discriminatory fiscal, monetary and trading regimes;
- Enhanced and meaningful participation of developing countries in the international decision making and norm-setting processes;
- Regulatory mechanism for reducing volatility in capital flows;
- Transparency in the development of criteria for credit ratings;
- Mechanisms for sustainable management of external debt;
- And due consideration by developed countries on the impact of changes of their interest rates and exchange policies on the developing world which can contribute to an optimized mobilization and utilization of domestic financial resources in the developing countries.

- Domestic resources mobilization should be undertaken with policies and instrumentalities of national governments and country ownership in designing and implementation of national economic policies should be preserved. The international donor community should be fully responsive to the national policies and priorities of developing countries and necessary capacities should be created with the support of the international community, so as to equip countries to implement those international standards and codes, which have been endorsed by national governments.

- Enhancing international macro-economic stability through open, rule-based, fair, non-discriminatory and predictable financial and trading regimes; promoting FDI flows to long-term developmental projects through incentives; Regulatory mechanisms for capital flows particularly short-term capital flow to reduce their volatility; addressing external debt problems of developing countries; fulfilling the agreed target of 0.7% of GNP of developed countries for ODA; Good corporate governance rules and mechanisms for TNCs.

- To enhance international cooperation to fight corruption, eliminate money laundering and illegal transactions and repatriate illegally transferred funds. United Nations has the legitimacy to work on these issues through elaboration of effective ways and means. Putting in place, under the auspices of the United Nations, international instruments for combating corruption and the elimination of money laundering and illegal transactions in the international financial service sector as well as the repatriation of illegally transferred funds to the countries of origin could contribute tremendously to the cause of fighting corruption.

- strengthening and efficient use of public finances for better mobilization of domestic resources for

development has been a major component of policy discussion in developing countries. Multilateral and bilateral development agencies can help in this regard, inter-alia , through capacity building including facilitating transfer of technology, financial and technical assistance for establishing institutional structure and sharing information regarding the expectations about financial and monetary and commercial developments at the global level to assist the developing countries to formulate their medium-term fiscal framework more predictable and accurately. These endeavors could also be done in creation of an efficient tax system.

- Creating and further development of national financial and capital markets which are transparent, efficient and stable, is one of the most important objectives of developing countries. They are also willing to promote access to long- and short-term credit, provide crop insurance and other services to farmers, fishfolks and small rural producers and strengthen their social safety nets as an integral part of their national development policies. But most of them simply do not have the necessary and sufficient resources for such actions and programs. The international community can play an important role in this area, including through assisting capacity –building in developing countries, dissemination of best practices and experiences and exchange of information as well as promotion of south-south cooperation through triangular cooperation. Such actions could assist the governments in developing countries in partnership with the private sector and civil society to address the challenges of assisting the poor segments of society including through innovative sources of finance.

Thank You, Mr. Chairman.

