

**Statement by Ambassador Bagher Asadi, Chairman of the Group of 77
(Islamic Republic of Iran), before the Second Committee on Agenda Items:**

99 – Operational activities for development

99(a) – Triennial Policy review of operational activities for development of the United Nations System

99(b) – Economic and technical cooperation among developing countries

New York, 25 October 2001

Mr. Chairman,

I should, first of all, express, on behalf of the Group of 77 and China, our sincere appreciation to the Secretary-General for his interesting, informative and very useful reports on the “triennial comprehensive policy review of operational activities of the United Nations system for development”, “progress in the implementation of the multi-year funding frameworks and evaluation of the United Nations Development Assistance Framework”, as well as “state of south-south cooperation and economic and technical cooperation among developing countries” and other thought provoking reports on these two items. The operational activities of the United Nations system and their universal, neutral, multilateral and grant character of these activities have always been very close to the heart of the developing world. We have viewed them as the actual manifestation of the UN’s mission and mandate in the field of development and pursued their design and implementation with keen interest. Given the wide breadth of the issues involved, different mandates of various United Nations funds and programmes and various measures and availability of resources for implementing and follow-up to these mandates as well as the quite complex nature and level of intergovernmental discussion on them in their executive boards, the present statement is longer than what I would have preferred to deliver.

Mr. Chairman,

let me begin with the fact that the overall environment and the context within which United Nations development cooperation has been operating have changed substantially during the last decade. Globalization, a still unfolding process, is offering new opportunities and simultaneously posing serious challenges particularly to developing countries; the gap between the rich and the poor and income inequalities within and among countries have been increasing; and overall official development assistance (ODA) and multilateral development cooperation have been either stagnant or declining in spite of fiscal health of many donor countries, and bilateral mechanisms have become more prevailing in providing such assistance to developing countries. On the other hand, during the same decade, thanks to a series of major UN conferences, global consensus has emerged on setting objectives and timetable for achieving the agreed targets regarding many aspects of development. It is regrettable, though, that a similar global consensus on the mobilization and provision of the requisite financial resources has not been translated into action. A lot of commitments and promises, little compliance though. This new environment, with all its associated complexities, has also transformed the needs of programme countries which have been trying to benefit from the potential opportunities and address the actual challenges of globalization. Simultaneously, this overall trend has as well created a more challenging environment for the funds and programmes in their activities geared to respond more effectively to the economic and social impact of globalization, promote development of developing countries and assist them to better integrate in the global economy, while their resources have been declining substantially.

The Group of 77 and China believes that poverty eradication should continue to be the major pillar of operational activities of the United Nations. As quite aptly indicated in the report, appropriate policies and enhancing institutional capacity, along with sufficient international assistance, can significantly and rapidly

contribute to the poverty eradication, and the United Nations system can play a major role in that process, especially through supporting capacity-building. However, indications are that the main factor hindering such a UN role is declining financial resources for multilateral assistance and lack of resources at the domestic level. This situation needs to be addressed and redressed, both at the international and national levels. In a general sense, at the international level, mobilization and provision of adequate international assistance, both financial and technical, as well as a stable international financial system, should be ensured. Market access and removing trade restrictions by developed countries, debt relief measures and foreign private capital flows, particularly Foreign Direct Investment (FDI), could also enhance domestic capacities of developing countries in mobilizing resources for poverty eradication. And at the national level, higher economic growth rates, and of course, an overall supportive milieu, could contribute to the mobilization of domestic resources. Moreover, country-ownership of the programmes and projects should be ensured. To this end and with a view to playing the central role in contributing to the formulation of their overall national development strategy, programme countries should be fully participating in all phases of designing, implementation, monitoring and evaluation of development programs and projects.

Mr. Chairman,

Provision of financial resources for operational activities of the United Nations, in particular regular and core resources, is a precondition for ensuring efficiency and impact of such activities for development. Funding for these activities should be sufficient, secure and stable and on a predictable, continuous and assured basis, and equally important, commensurate with the increasing needs of developing countries in facing the challenges of globalization and integration in the world economy. The core or regular non-conditional voluntary resources have been and still continue to be the bedrock of the operational activities of the United Nations system; they allow funds and programmes to follow the multilateral agreed targets for development. Official Development Assistance (ODA) has been declining constantly during much of the 1990s; the share of funds and programmes also generally keeping pace with the overall declining trend in ODA while earmarked and non-core funding has grown. Lack of core resources and weak financial base for operational activities will inevitably hamper and constrain the ability of the system to address challenges, especially those directly related to and resulting from the process of globalization. The Group of 77 and China finds this situation and trend extremely disquieting while resources remain unstable, stagnant, volatile and vulnerable, thus hindering utilization of capacities within the United Nations system. We share the concern expressed in the report that aid effectiveness and efficiency can not be separated from availability of core or regular resources and also that lack of such resources adversely affects the impact of programmes and projects, weakens the results and will in turn lead to further cutbacks and erosion in public and political support for increasing contributions to the core or regular resources. Allocation of more resources to short-term emergency activities to the detriment of long-term activities and also contributing more to the emergency part of consolidated appeals packages and not to its development section is another trend that will have negative impact even on the development of the countries in crisis. As we all remember, progress towards multi-year funding frameworks for funding operational activities by United Nations funds and programmes had raised certain expectations for increasing contributions to the core resources, nonetheless, there has not been any major change in the resource situation of operational activities of the United Nations system for development. Given the situation as it is, it appears that a strong political commitment to the common development objectives that we have collectively set through major UN conferences and the Millennium Declaration is acutely needed to ensure secure provision of core resources for operational activities.

Achieving greater coherence and coordination for improving efficiency and effectiveness in the operational activities for development; promoting a country-driven collaborative and coherent response by the United Nations system with a view to making a greater impact at the country level, and supporting fully the national priorities of recipient developing countries have constituted the major objectives for such activities. The Group of 77 and China would like to stress that in the coordination of operational activities the major objective should be the greater integration of these frameworks in the national development processes of

developing countries and addressing their priorities and through full involvement of recipient countries. We should also acknowledge that the responsibility for coordination of all external assistance and developmental activities lies with the national government, and also that it is imperative to ensure full involvement and participation of government in all phases of preparation of CCA and UNDAF – which is still at pilot phase - as well as of its full ownership through the consent of recipient country to the finalized agreement. Moreover, these instruments should not put excessive burden on the programme countries through increasing transaction costs. On the other hand, it is a fact that these two instruments increase the work load of country teams. Nevertheless, they have enhanced collective identity of the United Nations country teams. The Group of 77 and China strongly believes that capacity-building at the national level for coordinating external assistance including that received from the United Nations system and in particular for full involvement of the national government and all other relevant players in all phases of CCA and UNDAF will enhance national ownership and contribute enormously to their success.

Mr. Chairman,

On the Resident Coordinator System (RCS), it should be strengthened with full participation of all system organizations. We also believe that in addition to competency assessment of RCS candidates it is also necessary to utilize the new information technologies to train Resident Coordinator candidates in the pool for their future undertakings. The theme groups arranged for various issues should be more efficient and to engage in more substantive cooperation including planning and programming. Constructive relationship and cooperation with the government and other development partners at the national level is necessary to ensure their engagement in any substantive joint activities by theme groups.

Simplification and harmonization of monitoring, reporting, rules and regulations, programme cycling, evaluation and decentralization of authority of operational activities of the United Nations system at the headquarters as well as the field level, as important factors for promoting the efficiency and reducing transaction costs on recipient developing countries, should be stressed and intensified. It is fair to say that there has been some good progress in this regard.. Any designing and development in this field should ensure full participation of the government as well as other players at the national level; and should be responsive to the needs and consider the impact of these procedures on the capacity of developing countries with the objectives of reducing administrative and financial transaction costs to the recipient countries as well as to the United Nations system. We are also aware of the diversity of programming procedures the Funds and Programmes of the United Nations system face due to the diversity of mandates and rules of procedures of various bodies, not to mention the decisions of various governing bodies of Funds and Programmes. In view of this situation, we would like to request all relevant bodies within the United Nations system to utilize all avenues for stronger cooperation at the headquarters, which should complement coordination in the field. The recipient countries should also be fully informed regarding coordination for harmonization at the headquarters, which should enable them to follow such efforts closely.

Mr. Chairman,

The now familiar idea of the establishment of a common premise and sharing of administrative services should enhance efficiency without entailing any substantial additional costs for the recipient developing countries, while ensuring that it is based on a comprehensive cost-benefit analysis with full consideration of long-term costs and benefits. The utilization of advanced information and communication technologies could also provide the necessary platform for more coordination and cohesion at the field level, in particular where there is a good information and communication infrastructure in place.

The Group of 77 and China believes that operational activities of the United Nations system should be an integral part of national development programmes and the structure at the field level should conform to this objective and serve its realization. The staffing of field offices should be demand-driven. As a matter of

principle, the level of cooperation and the nature and size of the programmes and projects and the needs of recipient developing countries should justify the number and the mix of expertise of staffs as well as the size of premises for the UN country common premise or office. Specialized Agencies of the United Nations and other small UN agencies should enhance their involvement in the operational activities of the United Nations and to render their support, including through special arrangements, to the countries which need their technical expertise.

Cooperation and more interaction among the funds and programmes of the United Nations and BWIs as well as the regional banks for increased complementarity and better division of labor, particularly at the field level, while preserving the mandates of these institutions, have always been stressed. The main objective of such a collaboration should be strengthening and building upon existing arrangements for supporting developing countries in facing the globalization challenges, in accordance with their priorities, needless to say, under the leadership of the national government for greater efficiency and impact.

Mr. Chairman,

Evaluation and monitoring of the operational activities is crucial for ensuring their effectiveness and efficiency. Strengthening the involvement of national authorities and institutions in the monitoring and evaluation of effectiveness and impact of operational activities is all but imperative for a comprehensive approach to monitoring and evaluation; which could include, capacity-building at the national level for evaluating the effectiveness of operational activities while using appropriate methods and indicators. Coordinated evaluation by all relevant UN bodies with full participation of relevant national authorities and institutions; utilizing the results for improving the impact and efficiency; and updating the monitoring and evaluation should also be encouraged. There is also an urgent need for strengthening of the institutional memory of the system on the impact of its operational activities, in order to learn from such experiences.

The involvement of the United Nations system in humanitarian assistance, including natural disasters and crisis and post-crisis situations, has expanded during the past decade. It appears that that such situations will continue to be an area of serious challenge for the international community. The United Nations funds and programmes should provide technical assistance to recipient countries according to their national economic and social needs and priorities, including for poverty eradication, humanitarian assistance, promotion of all human rights, particularly the right to development, for achieving sustained economic growth and sustainable development, in accordance with relevant General Assembly resolutions and outcomes of recent United Nations major conferences and, I should add, the Millennium Declaration as the latest manifestation of universal consensus at the highest level. It is to be cautioned, however, that various phases including relief, rehabilitation, reconstruction and development are generally not consecutive, rather they often overlap and occur simultaneously. We, therefore, stress the necessity of early application of development tools in humanitarian emergencies. The Group of 77 and China believes that national authorities and institutions should have the leading role in strengthening coordination among all relevant players at the national level as well as in all aspects of the recovery plan.

Mr. Chairman,

Let me turn to the new information and communication technologies, which we all agree can provide tremendous potential opportunities and new hopes for development, particularly human development. These technologies can provide instant access to critical information almost in every sector of the economy; for farmers, workers and investors. They facilitate market access for all kinds of enterprises through access to information; and they can empower the poor through sharing knowledge and information which is an important factor for poverty eradication. Most developing countries are critically short of basic infrastructure for promoting access to and use of such technologies; a situation that can be remedied through assistance from the international community, including by strengthening national efforts in this field through, inter alia,

provision of financial resources and technical assistance. We remain hopeful that with the establishment of the ICT Task Force the UN system, in particular funds and programmes and its specialized agencies, would become fully engaged in the transfer of ICTs to developing countries and develop innovative modalities and mechanisms for strengthening and improving ICT capacities in these countries.

Mainstreaming gender perspective in the operational activities and improving gender balance in the Secretariat has always been underlined in our deliberations in this field. We note with satisfaction that mainstreaming gender perspective as an important component of operational activities has been underlined in the guidelines as well as in the formulation of relevant programmes and projects. In this regard, we encourage the establishment and development of necessary data. We also appreciate the continuing trend for more gender balance in appointments within the Secretariat at the headquarters and the field level. Another area of positive development concerns the incorporation of the regional and sub-regional dimension in the operational activities of the United Nations for development, which could help promote regional activities and regional integration. It should be stressed, however, that ownership of the regional programmes, involving relevant regional commissions and the securing of funding for them would ensure a higher level of success for such programmes.

Mr. Chairman,

At the critical juncture of rapidly changing world economic situation, the imperative of economic and technical cooperation among all countries, inter alia, between developing countries, is now well recognized as an important channel and conduit to face and respond to emerging challenges. We need to act together decisively towards creating a just and more equitable international economic system to provide for a better future with more opportunities for all of us. As everybody knows, we have on numerous occasions voiced our concern – quite a serious concern - that international cooperation for development has been steadily pushed down the agenda of the international community, a situation that needs to be redressed on an urgent and resolute basis. Within this overall framework, and with due consideration for interdependence of nations as well as their different levels of development, we stress the need for a new global human order aimed at reversing the growing disparities between rich and poor through a new spirit of international cooperation based on the principle of achieving shared benefits as well as the principle of common but differentiated responsibilities.

It should be clear that from our point of view, international cooperation among all nations, across the development divide, is important and necessary. It needs, however, to be complemented with cooperation among ourselves on this side of the divide. I am sure everybody here is familiar with the final outcome of the South Summit - the first ever - which took place last year in Havana, and which emphasized on South-South cooperation as an effective instrument for optimizing the potentials of developing countries through, among other things, mobilization and sharing of existing resources and expertise as well as complementing cooperation with donor countries. Such cooperation is an essential mechanism for promoting sustained economic growth; it constitutes a vital element towards achieving self-reliance in and among developing countries. The imperative for its effective pursual, with determination and political will, hardly, if at all, needs to be emphasized.

Mr. Chairman,

The report of the Secretary-General has reviewed the current state of South-South cooperation in the areas of trade, investment and monetary and financial arrangements. Trade among developing countries has been growing in recent years. In 1998 and 1999, about 40 percent of developing countries' exports were destined to other developing countries, representing a steady expansion over time. Intra-regional trade has expanded in all developing regions. This increase can, to some extent, be attributed to notable changes in various regional agreements. Despite the establishment of the WTO, it appears that all countries consider that regional trade

agreements are still a means to overcoming barriers to trade beyond what could be achieved at the multilateral level. Progress in regional integration have also contributed to growth in foreign direct investment (FDI) inflows among developing countries. Market proximity, similarity in products and processes and business culture affinities are the main factors that cause developing country investors to channel their FDI to other developing countries, and often to countries of the same region. However, outflows of direct investment from one developing region to other developing regions is growing as firms seek to internationalize their business. Since the emergence of the 1997 Asian crisis, interest in South-South monetary and financial cooperation, especially at the regional and sub-regional levels, has also gained new momentum.

I have already drawn attention to the Havana Summit, which was in fact an important milestone in the South's collective effort to accord South-South cooperation high priority. But the Summit represented the highest level of our collective efforts for almost two decades, starting with the Caracas ministerial meeting in 1981 which led to the adoption of the Caracas Plan of Action. During the two-decades-long journey from Caracas to the recent meeting in Tehran, numerous policy decisions, declarations and plans of action covering a variety of specific domains of South-South cooperation have been put forward to consolidate this cooperation. The latest manifestation of the collective resolve of the South to further promote and consolidate South-South cooperation is to be found in the Tehran Consensus, as adopted by the Tenth Meeting of the Intergovernmental Follow-up and Coordination Committee on Economic Cooperation among Developing Countries (IFCC-X), which was held from 18 to 22 August 2001 in Tehran, Islamic Republic of Iran (contained in document A/56/358 and as indicated in the report of the Secretary-General, document A/56/465). The IFCC-X, attended by high-level representatives of over 100 country and international organizations, resolved to move forcefully and urgently towards five strategic objectives: Consolidating the South-South platform; building stronger southern institutions at the global level; bridging the knowledge and information gap; building broad-based partnerships; and mobilizing global support for advancing South-South cooperation. For effective and meaningful support, the Tehran Consensus urged the international community, including the United Nations system, to re-examine their development policies and practices and to provide vigorous catalytic support, including the requisite financial resources, to all forms of South-South cooperation. The Consensus also lent support to the ideas of launching an International Decade on South-South Cooperation and designation of a United Nations Day for South-South Cooperation.

Mr. Chairman,

It is a fact that there has been an increasing pattern of cooperation among developing countries, but, I have to be very frank about, it has not been commensurate with the existing capabilities and capacities in the South nor with the rather comprehensive range of commitments we have agreed in our past documents. We have to do more, on ourselves and by ourselves, individually and collectively. But, and this is an important but, as it is obvious, rather axiomatic, that our efforts also needs to be assisted by the rest of the international community. And the Tehran Consensus is very clear and emphatic on this point. Developing countries need the assistance of the international community, be it the donor community or the United Nations system and its various relevant components, in order to take full advantage of the potentials of South-South cooperation. And the areas of particular need are also known to all of us; technical and financial resources. Fulfillment of this imperative is indispensable to the successful realization of the potentials of South-South cooperation towards narrowing the existing huge – and unfortunately increasing - gap between the developed and the developing countries.

Having emphasized the importance and in fact, indispensability, of South-South cooperation, let me hasten to add that it cannot, nor is it intended, to replace North-South cooperation. They are supposed to be complementary and mutually supporting and reinforcing. Foreign Minister Kharrazi reiterated, in his statement at the turn-over ceremony in mid-January 2001, in very clear terms, that “we consider North-South relations and cooperation a strategic policy track for the developing world.” I suppose all our efforts this year

have lent practical support to this overall policy guidance. Within the same framework, I should underline that technical cooperation among developing countries cannot, and should not, be considered as a panacea for addressing, much less dealing, with the challenges facing the developing countries. Rather it should be considered as one of the important elements for a comprehensive development strategy.

Mr. Chairman,

To exploit the full potentials of South-South cooperation, the validity and continued relevance of the Buenos Aires Plan of Action for Promoting and Implementing Technical Cooperation among Developing Countries was reaffirmed by the twelfth session of the High-level Committee, which was held here in New York in late May. In this regard, let me seize the moment to register the deep appreciation of the Group of 77 and China for the support the United Nations Development Programme (UNDP) has extended to the developing world through the establishment of the Special Unit for Technical Cooperation among Developing Countries towards facilitating the attainment of the objectives of the Buenos Aires Plan of Action and subsequent respective documents. Having said this, I would as well like to emphasize that the separate identity of the Special Unit needs to be maintained and its programme to be adequately funded at a level corresponding to its mandate and system-wide responsibilities in promoting, monitoring and coordinating technical cooperation among developing countries. We also attach great importance to close cooperation between the Special Unit and the United Nations Conference on Trade and Development (UNCTAD). Meanwhile, to mainstream the use of the technical cooperation among developing countries modality in the operational activities for development of the United Nations System, further strengthening of the capacity of the Special Unit to perform its functions is needed .

We also note with satisfaction that new initiatives for the participation of developed countries in this process has been emerging in recent years. Triangular arrangements is a good example of these common endeavours which could help developing countries overcome scarcity of resources in implementation of South-South cooperation programmes. It is a matter of pleasure that a number of developed countries have shown interest in triangular approach. We hope that the Special Unit for Technical Cooperation among Developing Countries can, and would, intensify its on-going efforts, in the context of mobilizing additional financial resources, to attract and generate broad-based partnership for technical cooperation among developing countries.

We urge the Special Unit to assist developing countries, in collaboration with regional and sub-regional institutions and economic groupings and centres of excellence, to continue to adopt and pursue a well-articulated national policy on technical cooperation among developing countries as well as strengthened national focal point. In this regard, we call upon all governments, all relevant United Nations agencies and institutions and multilateral and regional financial institutions, to increase allocation of financial resources for this purpose, and to identify new funding modalities to foster South-South cooperation.

Mr. Chairman,

Let me conclude with a rather solemn plea. To achieve development, elusive as it has proven to be, there is no alternative but to cooperate; among ourselves within the South, and between the South and the North. And here in this Committee, we stand ready to bring our consensus to the table and work for consensus in the house. And as on all other issues before the Second Committee, you can count on our full cooperation.

Thank you very much, Mr. Chairman.