

**Statement by Ambassador Bagher Asadi, Chairman of the Group of 77  
(Islamic Republic of Iran) at the G-24 Workshop on Financing for Development**

**New York, 6 September 2001**

Mr. Chairman,  
Dear Colleagues,

First and foremost, I should thank the Group of 24 (G-24), its distinguished Chairman, Honourable Governor of the Central Bank of Nigeria, Dr. Mowoe, Deputy Governor, Mr. William Larralde, and Dr. Irfan ul-Haque, and also the OPEC Fund, for organizing this Workshop, and the Nigerian Mission, my distinguished predecessor, Chief Arthur Mbanefo, for providing the facilities for today's meeting. And I should express my deep appreciation for the kind invitation.

Well, the original idea of this workshop goes back to almost a year ago, to be precise, to 11 months ago, when the proposal for holding such a meeting was first made in a similar workshop in Vienna. But, on the substance of the subject at hand. I should be very frank. Looking around the hall and seeing so many distinguished, experienced and highly qualified experts in the field, makes it very difficult for me to talk about this subject. A diplomat, by definition, is a generalist – a jack of all trades and master of none. At least, this applies to me perfectly.

Apart from this, it is not too far from the reality to say that the interest and attention of the collectivity of the developing countries to the necessities and constraints of the financing for development in these countries has a history of several decades at the United Nations. This subject has been discussed for a long, long time at the United Nations, within the framework of the Second Committee of the General Assembly. Though, for reasons that we are all aware of, or can speculate, it did not have much of tangible progress. The progress came during the 46th Session of the General Assembly, when in the GA resolution 46/205, finally, holding a high-level international conference on financing for development was recommended.

The subject was further reiterated in the 48th and 50th Sessions of the General Assembly. Eventually, in the 52nd Session of the General Assembly, establishment of an ad-hoc open-ended Working Group was approved – in the GA resolution 52/179 - to undertake a comprehensive look into all the relevant aspects and issues involved, prepare a report on the modalities for holding of an international conference and on its agenda. I should add right here that the then Chairman of the Second Committee, Ambassador Oscar de Rojas, who is now heading the Coordinating Secretariat for Financing for Development, played an important personal role in pursuing this resolution. In fact, he has continued that level of personal engagement ever since in the whole process.

I doubt that we have the time today to look in detail into the reasons why the intergovernmental body succeeded in the 52nd Session of the General Assembly to adopt this historic resolution in this area. Put in a nutshell, one cannot but refer to two distinct factors:

- 1- The occurrence of financial crises toward the end of the nineties, particularly in East and Southeast Asia, which attracted global attention to such areas as the management of external debt, management of the international finance, and performance of capital flows and foreign investment, and placed them on top of the agenda in world economic discussions.
- 2- The emergence of various aspects of the globalization process and also the consequent increased attention within the United Nations system to such issues as capital flows and systemic issues.

During the 53rd Session of the General Assembly, the decision on the establishment of the Working Group to survey all the relevant input and with the objective of preparing a report containing recommendations on the format, scope, agenda of the conference, and its submission to the 54th Session, was reiterated. At the time I had the Chairmanship of the Second Committee. The resolution, although short and of a rather procedural nature, was an important one. The open-ended Working Group held a number of meetings during the first half of 1999 and surveyed all the relevant issues, with the participation of all major stakeholders, and its presented a set of recommendations to the 54th Session of the General Assembly, which were adopted in the resolution 54/196. The time for holding the conference (no later than 2001), participation of all other actors and stakeholders in the Financing for Development process, formation of the Bureau for the Preparatory process, and the establishment of the Coordinating Secretariat were among the most important provisions of this resolution.

In the year 2000, discussions in the process revolved mainly on the question of the participation of other stakeholders in the preparatory process, including the private sector and the civil society, and also the Bretton Woods Institutions and such UN institutions as UNCTAD and regional commissions. It was also decided that due to the heavy schedule of meetings in the second half of 2001 the time of the conference be delayed by a few months to the first quarter of 2002. As for the substance of the process, the report of the Secretary-General, which had been prepared by the Department of Economic and Social Affairs (DESA) – albeit with a certain degree of participation and involvement of the Bretton Woods Institutions (BWIs) – was issued towards the end of the year. The reports of regional commissions were also issued around the same time.

One could say, however, that practical, tangible substantive progress in the process only started in the year 2001. During the Second Session of the Preparatory Committee, which was held in mid-February for a two-week period, all inputs provided to the process, including the Secretary-General's report and reports of regional commissions, were discussed. Major groups - Group of 77 (G77) and the European Union EU) – and other major, influential countries, as well as the other stakeholders, presented their general views on the six major themes in the substantive agenda of the conference. [I will return to these themes in a moment].

The Second Session of the Preparatory Committee was an important meeting and had a very significant outcome. First of all, the venue for the conference Mexico - was decided. The title of the conference was also decided; the International Conference on Financing for Development, which was up to then referred to as the International Intergovernmental Event on Financing for Development. Moreover, it was as well decided that the conference would be held at summit level. In the final resolution of the PrepCom, it was also agreed to have another week of PrepCom in May and still another week in October. It is also noteworthy that this session decided to designate a Facilitator – Mr. Mauricio Escanero of Mexico, who has been directly involved in the process for a number of years – to prepare a first draft of a negotiating text, taking into consideration all the existing inputs, to be the basis of negotiation in October.

When the PrepCom met in May, in addition to continuation of general discussion on the substantive agenda, the exact dates of the meeting in Mexico were decided; 18-22 March 2002, in Monterey. And the high-level segment of the Conference, the summit level, received further reiteration. I should also tell you that in the meantime, between May and now, the report of the High-level Panel established by the Secretary-General in late 2000 – the Zedillo Panel – came out. We consider this report, along with all other reports on the table, as in input for the intergovernmental track.

Well, we have traveled thus far in this process. What I have already told you sounds procedural. Fact of the matter is that all those intimately involved in the process know fully well that it has been through the discussion on these matters and procedures that the content of the process and the substantive agenda of the Conference have been shaped. A while ago I referred to the six major themes in the substantive agenda; they are as follows:

1- Mobilizing domestic financial resources for development;

- 2- Mobilizing international resources for development: foreign direct investment and other private flows;
- 3- Trade;
- 4- Increasing international financial cooperation for development through, inter alia, Official Development Assistance (ODA);
- 5- Debt;
- 6- Addressing systemic issues: enhancing the coherence and consistency of the international monetary, financial and trading systems in support of development.

Agreement by the entire intergovernmental body on these six themes for the substantive agenda of the International Conference on Financing for Development clearly shows that both groups of countries, developed and developing, agree on the relevance of these areas for the financing of development and their significance. Let's now our attention to the expectations of the developing world of the FfD process – which I consider the most important international, multilateral process ahead of all of us in the international community. The crux of these expectations is that the final outcome of the Mexico Conference should lead to a conducive international environment in which a stable external milieu would allow the requisite resources to be mobilized for financing of development, including through, improvement in the mobilization and utilization of domestic resources and also through meaningful integration of developing countries in the world economy which calls for, inter alia, reform in the international trading system, better organization of international capital flows and also finding a reasonable solution for the debt problem.

The overriding objective is to institutionalize the changes and reforms and to make progress sustainable and continuing. I should add, however, add that progress in any and all of the five first areas is positive in itself and certainly useful; that is, increase in the ODA, or improvement in the management of the debt situation or betterment in the access to markets, is an achievement in itself. But, the main idea in the FfD process is to consider all these five areas in mutual relationship and dynamic interaction with each other. The objective of the process is not just to increase the level of ODA by a certain amount. All developing countries have reached the conclusion that in order to ensure financing of development a coherent, consistent and coordinated set of approaches, strategies and policies, at both international and national levels, are needed. The question of coherence and consistency at the national level is a very serious challenge for developing countries. Equally so is the coherence and consistency of the policies of international institutions. The wisdom in the sixth theme; the systemic issues, does in fact indicate the critical importance of this area.

As we all know, this is truly the most complex and, as a matter of fact, the most difficult and of course, the most sensitive - item on the substantive agenda of the Conference. It is intimately related to the question of reform in the international financial structure – whose absolute necessity we all feel and of whose extreme sensitivity we are all acutely aware. I should add right at this very moment that the importance of this area on the one hand, and the complexities involved in its discussion on the other, and its connection with the Bretton Woods Institutions (BWIs), makes the issue all the more complex. In fact, all of us in the intergovernmental body, including the Group of 77, have been trying hard to preserve the participatory nature of the process thus far not just as a political expediency, but as a factor connected with the essence of the substance of the process.

Well, I suppose with these introductory words – long and detailed as they might have been – I venture to underline just a number of overriding points:

- The developing countries should, during the remainder of the process, exert every effort to further articulate and formulate their positions towards reaching the strategic objectives of the Conference. In fact, achievement of a substantive outcome is in itself a strategic achievement for the Conference.
- Necessity of our focus on a rather limited number of achievable areas and avoiding the temptation for a long catalogue of demands and expectations. We should focus on a few focused, innovative do-ables.
- The Monterey Conference is not the end of the FfD process; rather it should be considered as a solid and

reliable platform for further work in the future;

- There is another objective, which I consider extremely important, but that is not a demand. It should emerge as a result of the process; it relates to the strengthening of the position and the status of the United Nations in these areas. The overall UN position in all macroeconomic and development issues and discussions should be buttressed as much as possible.

And finally, I find the particular relevance and importance of this Workshop within the framework of the collective efforts for the articulation and formulation of the positions and demands of the developing world towards achieving its strategic objectives in FfD process. Let me thank, once again, G-24, OPEC Fund, and all those who have graciously undertaken to present discussion papers for the gathering, as well as the discussants. I remain confident that the two-day substantive exchange of views here and the Chair's Summary will make a good contribution to the whole process and help the Group of 77 in its prospective negotiations in the next Preparatory Committee session.

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