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President: Mr. GERVAIS (Côte d'Ivoire)

CONTENTS

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The meeting was called to order at 3.15 p.m.

POLICY DIALOGUE AND DISCUSSION ON IMPORTANT DEVELOPMENTS IN THE WORLD ECONOMY AND INTERNATIONAL ECONOMIC COOPERATION WITH HEADS OF MULTILATERAL FINANCIAL AND TRADE INSTITUTIONS OF THE UNITED NATIONS SYSTEM (continued) (E/1996/60)

Mr. SANDSTRÖM (World Bank) said it was apparent from the discussion that there was a strong demand for results and the more effective use of development resources. It was time, therefore, to move beyond global conferences and broad policy statements to the achievement of results at the country level. Regarding cooperation between the Bretton Woods institutions and the United Nations system, he felt that there too the focus had to be at the country level; the borrowing countries must become involved in achieving results and making use of the resources of the Bretton Woods institutions and the United Nations system.

The issue of increased private flows to some countries and the marginalization of other countries was interlinked with the question of results and the effectiveness of development. The increase in private flows to some countries signalled an adequate infrastructure, a skilled workforce and stable policies which enabled private firms and individuals to take the risk of making investments. However, only a dozen countries were receiving 75 to 80 per cent of the significant private flows that had emerged over the past five years, and a large number of countries were being marginalized. Most of those countries were in Africa, and a few were in South Asia. There was clearly a need for the right policies, but the capacity of Governments to manage the economy and engage civil society at large was even more important.

Capacity-building was also needed at the regional level; more attention must be given to the Economic Commission for Africa and the African Development Bank, which should assume more of a leadership role in the development of Africa. A related question was that of follow-up to the United Nations System-wide Special Initiative of Africa; in that respect, the World Bank would focus on much closer cooperation with the United Nations system. At the same time, the Special Initiative itself must be driven by African countries and

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institutions. Emphasis had to be placed on the sectors, and the work begun in such sectors as education and health should be continued.

On the question of structural adjustment, he said that the issue was not whether adjustment was needed but how reforms should be carried out. In particular, it was necessary to anticipate the effects on those who were vulnerable and institute measures to buffer the impact of change.

Drug control was one of the few areas in which the World Bank was not directly involved. It focused on encouraging alternative means of production and livelihood, strengthening the financial and banking sectors so as to minimize the possibilities of laundering drug money, and promoting judicial reform to reduce the possibilities for corruption. Ultimately the issue of drug control was one of demand management.

The World Bank had untapped potential for increasing resource flows; annual lending could be raised by about $10 billion a year without the need for a further infusion of resources. The World Bank was looking at ways in which the countries that wished to borrow more from the Bank could do so; one way was by providing a broader range of financial products, for example the freedom to choose the currency in which money was borrowed.

Mr. NARVEKAR (International Monetary Fund (IMF)) said that the Fund was concerned with reducing budget deficits to sustainable levels while ensuring that expenditures in such areas as health and education were protected. Sustainable development and well-balanced growth provided employment opportunities and reduced the need for activities such as drug trafficking and the cultivation of drug crops.

Regarding the key functions of Governments from the perspective of IMF, he said that Governments should first promote monetary, financial stability, low levels of inflation and high levels of employment; second, ensure realistic and appropriate levels of relative prices; third, stay out of sectors in which they did not belong; and, fourth, uphold the rule of law.

IMF was fully aware of the importance of education and would continue to attach great importance to the protection of Government expenditure on appropriate education in any efforts to reduce Government budget deficits. While not directly involved in environmental concerns, IMF asked about environmental protection in government projects.

It had been suggested that if trade deficit countries were being asked to devalue, surplus countries should be asked to recycle their surpluses. However, trade deficit countries were not automatically asked to devalue: the action taken depended on the circumstances. As to the question of recycling, it was the responsibility of countries with surpluses to follow appropriate policies so that capital would be attracted to the trade-deficit countries. In addition, IMF and other institutions were committed to encouraging Governments to increase their official development assistance and attain the targets set. Whenever IMF bought currency from surplus countries and sold it to deficit countries, a degree of recycling was involved.

There was already quite extensive collaboration between the United Nations and the Bretton Woods institutions. Cooperation with the United Nations Development Programme was in place in many countries and cooperation with the International Labour Organization was increasing. IMF contributed to a large number of papers prepared by various United Nations bodies. That cooperation would continue to expand. However, a bureaucratic approach to such expansion could be counterproductive, just as anything that would involve changing the basic character of the institutions involved could be detrimental.

IMF would certainly try to take a flexible position on the debt problem and was preparing specific proposals on the subject, in close collaboration with the World Bank.

Mr. RICUPERO (Secretary-General, United Nations Conference on Trade and Development (UNCTAD)) said that, while concerned with the diversification of tobacco production, especially in African countries, UNCTAD did not have a drug programme.

The issues of globalization and marginalization were highly complex. The main role of UNCTAD was to help developing countries better integrate into the world economy and the world trading system according to their different levels of development. The more advanced countries had problems of access to markets, technology and investment, and the least developed countries had problems of capacity-building and supply. UNCTAD had therefore proposed different solutions for the different problems, in partnership with various other institutions. The approach to job creation was more or less the same worldwide: it was to accelerate sustained growth, deepen trade integration, particularly in labour-intensive products, and assist small and medium-sized enterprises.

As to initiatives in Africa, UNCTAD was participating in a project to help African countries take advantage of the opportunities of the Uruguay Round. In South Africa, it was trying to involve the private sector and civil society in general in its work and would be organizing a meeting to determine how best to arrange a forum with the private sector. In general, the private sector participated actively in specific areas, for example, private companies were much more involved than Governments in the iron ore sector.

UNCTAD had a particular area of expertise in investment because of the transfer of the Centre for Transnational Corporations from New York. It was being proposed that the high-level segment of the next meeting of the Trade and Development Board should be devoted entirely to an analysis of the implications of a possible multilateral framework for investment, with the participation of chief executive officers from companies. UNCTAD had recently organized two seminars on the subject and was preparing a document on the pros and cons of such a framework. The role of UNCTAD was to present analytical work and solid data that would allow countries to make their own decisions on the issue.

Although the General Assembly had decided to discontinue work on a code of conduct for transnational corporations, the question was likely to be raised again in the future, especially the issue of establishing a balance between the rights and obligations of the countries which were the sources of investment and the countries which received investments. It had also been asked whether UNCTAD could assist countries in their negotiations with transnational corporations. UNCTAD already had several technical assistance projects to assist countries both in setting up legal regimes for foreign investment and in negotiating and dealing with transnational corporations.

On the issue of capital versus labour mobility, it was true that globalization and liberalization were mainly concerned with goods and services, financial services and investment and did not include technology, labour or immigration. The need for increased labour mobility had been raised by a number of countries, but the timing was not propitious owing to growing unemployment.

On the question of international financial cooperation, he had put forward some ideas with regard to the possibility of setting up an early warning system. There was extreme resistance to any kind of "post-globalization" agenda. Countries had accepted a measure of limitation of their sovereignty in the World Trade Organization, but nothing of the kind existed in the financial field.

Meanwhile, many actions taken in the financial field on a purely unilateral basis had far-reaching consequences for many countries in the world. The problem needed to be brought out into the open and discussed.

Mr. HOYER (Germany) said that the conclusion of the Uruguay Round and the establishment of the World Trade Organization (WTO) represented the achievement of an important intermediate goal. Currently, making full use of the opportunities afforded by a liberal, multilateral system of world trade was crucial for growth and development, and safeguarding and further developing that system were a major task for the international community. He stressed the need for progress in the liberalization of the service sector and financial services and for a programme to ensure that the results of further liberalization were evenly balanced.

While developing countries should make greater efforts to share in world trade by promoting sensible economic development and taking full advantage of the opportunities available to them, they required the help of measures like those provided for in the Uruguay Round. The private-sector structures of the developing countries should be afforded stronger support, and the Governments needed assistance in developing the appropriate legal systems and business-promotion instruments.

The United Nations system could play a specific role in promoting growth and sustainable development in the process of liberalization and globalization. The joint initiative for Africa was an example of the results beginning to be produced by effective collaboration between the United Nations system and international financial institutions.

He asked the representatives of the financial institutions for their views on the desirability of intensified regional cooperation, provided such cooperation was consistent with the rules of the multilateral system and did not increase protectionism against outsiders. The integration of internal markets and the world market should be achieved by means of interregional cooperation, which Germany had always strongly advocated. Germany saw interregional trade cooperation, not as an alternative to the global, multilateral process, but as an important contribution to the strengthening of WTO and further global integration.

In an effort to help the least developed and other poor African countries benefit from world trade liberalization, Germany had cancelled or rescheduled a great deal of their debt since 1978, and had recently begun providing development aid to them solely in the form of grants. It was also waiving official development assistance claims, provided that the funds thus made available were used in part to protect the environment and combat poverty.

The Member States must use reforms within the United Nations system to enable the United Nations to act with greater efficiency in core areas; better representation of Asia, Africa and Latin America and the Caribbean on the Security Council was required. In conclusion, he called for a more equitable and transparent scale of assessments along with greater budgetary discipline, better management and closer coordination within the United Nations system.

Ms. BURTON (Ireland) asked what future role the financial institutions envisaged for themselves in the areas of poverty elimination and helping countries to design specific poverty reduction strategies. She also asked for their views on the compatibility of such activities with structural adjustment programmes, and asked what measures they were taking to incorporate the programmes of action agreed to at successive United Nations summits.

In regard to the problem of debt, she asked whether the proposals on multilateral debt announced by the World Bank and the International Monetary Fund meant that those institutions viewed the debt levels of many countries as unsustainable. She also asked for clarification of the relationship between future structural adjustment programmes and continuing social investment in such areas as health and education, and specifically of the minimum acceptable levels of investment in education and other social areas in the least developed countries.

She also asked for a more concrete explanation of the role the institutions saw themselves playing in conflict prevention and rehabilitation, especially with regard to early-warning systems. She would welcome a clarification of the enhanced structural adjustment facility proposed by the International Monetary Fund in the light of the intense debate the proposal had engendered among European non-governmental organizations.

The reforms envisaged by the financial institutions would perhaps produce better economic discipline, but a question remained as to whether the structural adjustment programmes, as currently formulated, would truly help the least developed countries, or whether those countries required more specific measures that took their lack of economic capacity into account.

Mr. CALOVSKI (The former Yugoslav Republic of Macedonia) said that, given the current world economic situation, the focus of effort of the international community and the multilateral financial and trade institutions of the United Nations system should be on the economic needs and aspirations of the Member States.

In that context, the basic economic need of The former Yugoslav Republic of Macedonia was for integration into the European economy, eventually leading to full membership in the European Union. The process of pan-European economic cooperation should be supported by all European States, without preconditions. He stressed that the multilateral financial and trade institutions had a larger role to play in strengthening European integration, and that countries in transition needed to become equal partners in the development of the European economy. He asked why, therefore, the financial institutions had done so little to facilitate the integration of the transitional countries into the European economy and fully associated himself with the views just expressed on the topic by the German representative.

Mr. DE ROJAS (Venezuela) joined other delegations in expressing disappointment that the World Trade Organization was not participating in the current debate.

He asked whether the World Bank’s efforts in the area of capacity-building were tied to the Bank’s own loan programme, and asked for the Bank’s views on the appropriate distribution of responsibilities between it and the United Nations Development Programme in that area.

He fully associated himself with the views of the representative of Brazil and expressed interest in the idea of establishing an early-warning system to be operated jointly by the United Nations, the Bretton Woods institutions and the World Trade Organization. He requested further details on how such a system would be implemented, with reference to the institutional reform of the Agenda for Development.

Mr. ISAKOV (Russian Federation) stressed the importance of strengthened development cooperation and a rational division of labour among the United Nations organizations, the Bretton Woods institutions and the World Trade Organization. A rational division of labour also meant that recipient Governments must bear their share of responsibility for results. For example, the relatively high level of effectiveness of the Bretton Woods institutions’ development activities was largely due to the conditionality of the aid they provided. He asked for the views of the senior officials of the Bretton Woods institutions on how the development activities of the United Nations system could be enhanced, inter alia, by increasing such conditionality.

Given that countries with transitional economies were beginning to show signs of macroeconomic stabilization, he asked for clarification of the World Bank's strategy regarding such countries, the potential for cooperation between the Bank and the United Nations and the possibility of overlap in their relevant activities.

As the world economic situation improved, the aid priorities of the Bretton Woods institutions needed to undergo a change of focus at the regional, country and sectoral levels. He asked whether the World Bank and the International Monetary Fund agreed with that comment and whether they saw the potential for more active use of United Nations expertise and strengthened cooperation between the Bretton Woods institutions and the United Nations at the global, regional and country levels.

In recent years, the Bretton Woods institutions, particularly the World Bank, had introduced the concept of sustainable human-centred development into their project activities. He asked for details of the institutions' follow-up to the United Nations Conference on Environment and Development and of their plans for updating the Bank's overall sustainable development strategy from the standpoint of an optimal division of labour.

Mr. OTUYELI (Observer for Nigeria) said that while the International Monetary Fund had cited a figure of 5 per cent for recent growth in gross domestic product in the African region, the figure cited by the United Nations in document E/1996/60 was far less optimistic. He therefore asked how the two figures were to be reconciled, in view of the undermining effect of structural adjustment programmes on the ability of Governments to provide social services and maintain development. He also asked for an explanation of references to rising commodity prices, when countries in his region were suffering from falling prices for the commodities they exported.

He expressed the view that while bureaucrats needed to become more time-conscious and efficient, bureaucracy in and of itself did not constitute a barrier to development, as portrayed by some in the financial community. He also called for application of private-sector methods of debt-handling in government financial programmes of the type administered by the Bretton Woods institutions.

Finally, with regard to the burden of debt servicing in Africa, he said that although the International Monetary Fund had cited growth in the flow of private capital to poor countries, much of that flow represented speculative investment that did not necessarily benefit the inhabitants of those countries. He therefore asked how the increased flow of private capital was to be reconciled with the economic deterioration of countries in the region.

Mr. SANDSTRÖM (World Bank), replying to a question raised by the representative of Ireland, said there were 8 countries in which the debt level was considered to be unsustainable for the next 10 years and another 12 countries in which an estimated period of from 5 to 10 years would be necessary to reach sustainable levels. The debt initiative, aimed at bringing those countries to sustainable debt levels, required a sum of $6 billion.

Not only were structural adjustment programmes compatible with social investments, they were necessary for poverty reduction. In the past budget cuts had been made in the social sectors rather than in allocations for the military or for State-owned enterprises. The Bank had introduced conditionality in order to protect social sectors during periods of adjustment and maintain or increase investments in education and health sectors. In that regard, it was necessary to ensure that the population, and especially the poor, had a stronger voice in setting policies and priorities. Rather than determine specific levels of social investment, it was important to focus on the quality and effectiveness of the use of resources. The World Bank had met its commitment to the 20/20 initiative even before the World Summit for Social Development, with at least 20 per cent of its funds going to the social sector.

With regard to the role of women in the developing world, the best investment to be made today was in the education of girls. On the subject of the World Bank’s role in conflict prevention and resolution, he said that the Bank worked to promote development, which was the best way to prevent conflict. It was not involved in conflict resolution or in providing humanitarian aid.

In reply to an inquiry as to why the World Bank had done so little to assist European countries in transition to integrate into the European Union, he said that the Bank focused on investment to prepare countries in transition for their integration into the European Union and other regional organizations but was not involved in the political or regional negotiations in that area.

Regarding a question raised by the representative of Venezuela on capacity-building, he said that the World Bank used concessional resources, particularly in the initial phase, and that grants were provided from an institutional development fund to assist countries that were initiating capacity-building. The Bank managed several other trust funds which were funded by various donors. For larger-scale capacity-building efforts, the Bank drew on the International Development Association (IDA) for the poorest countries and on the European Bank for Reconstruction and Development (EBRD) for middle-income countries. Furthermore, the Bank was working in close cooperation with the United Nations Development Programme in order to exploit its expertise at the field level.

In reply to a question posed by the representative of the Russian Federation as to how the United Nations could be more effective at the regional level, he said that the United Nations already had a very strong field presence and should increase its assistance at that level.

With regard to the follow-up to the United Nations Conference on Environment and Development, he said that the environmental sector was perhaps the most rapidly expanding sector in the Bank’s lending programme, with annual lending for environmental projects of up to $2.5 billion per annum. Major research was being conducted to develop environmental indicators that were applicable to both developed and developing countries. Finally, the World Bank was working closely with UNEP and UNDP on the Global Environmental Facility which was moving into its operational phase.

Mr. NARVEKAR (International Monetary Fund (IMF)) concurred with the representative of Germany that there was no inherent contradiction between multilateralism and regional arrangements, provided that the latter were not exclusive in nature. As the representative of the World Bank had stated, it was difficult to set specific targets for poverty alleviation, which must go hand in hand with structural reform. Adequate social safety nets were essential to take care of those segments of the population which could be adversely affected in the short term as a result of structural changes. The Fund was working continuously to improve the short-term beneficial effects for the common man and poverty alleviation potential of its programmes. With regard to conflict resolution, once countries were engaged in rehabilitation, the Fund provided

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assistance by establishing the framework for financial and monetary stability to enable the process of reconstruction and development to go forward.

Nothing in the Fund's mandate prevented it from helping eastern European economies to integrate into the European and the world economies. In fact, the Fund provided policy advice and technical and financial assistance not only to the transitional economies in Europe but also to other European countries to encourage them to open their markets to exports from the transitional economies.

In reply to a question posed by the representative of the Russian Federation, he said that in recent times the Fund had developed solid cooperation with the International Labour Organization both in the field and at headquarters. A review of that collaboration had already been completed with regard to Zimbabwe. Finally, in reply to the representative of Nigeria, he said that the figures of growth used by the Fund for a given country were based on its work in that country. While growth in Africa had been faster than in the past, he fully acknowledged that the improvement by no means signalled an end to all the problems there.

Mr. RICUPERO (United Nations Conference on Trade and Development (UNCTAD)) said it was paradoxical that, following the successful conclusion of the Uruguay Round and the establishment of the World Trade Organization, regional agreements had proliferated rather than diminished in number. While regional agreements could be building-blocks, they could also create obstacles to multilateral trade agreements if they were insufficiently open. The idea of "open regionalism", whereby certain regional agreements allowed accession by any country that was willing to abide by the rules, was gaining ground. In the light of the current trend towards the integration of a productive system worldwide, it was worth examining whether original agreements were truly in harmony with the spirit of globalization.

With regard to the economies in transition in Europe, most of the work within the framework of the United Nations was carried out by the Economic Commission for Europe. UNCTAD had worked closely with that Commission to develop programmes to assist those economies in transition in the process of joining WTO to frame laws on competition, to convert their military and armaments industry to peaceful purposes and to further privatization.

On the question of an early-warning system to detect potential economic deterioration, the United Nations was the main body responsible for monitoring situations which often began at the financial, monetary or trade level but ultimately had implications of a humanitarian or security nature. For example, the decline in coffee prices in central Africa had led to events with disastrous consequences for the coffee-producing countries of that region. Most effective coordination among United Nations agencies was essential to any system of early detection.

With regard to commodities, he said that the prices of some commodities, in particular minerals, had increased in 1993, whereas those of such products as cocoa or coffee had not. He recalled that in the 1980s average commodity prices had been at historically low levels, falling even below the levels of the 1930s, a trend which had helped to control inflation in industrial countries. A brief period of recovery had ensued, followed by renewed deterioration. Copper, for instance, had recently dropped in price. The successes of current macroeconomic policies owed much to the extremely low price of oil.

Mr. ALOM (Bangladesh) said that, while 1995 had shown encouraging signs of progress, including an increase in economic activity in the developing countries, the improvement in the world economy was fraught with uncertainties. Fiscal consolidation and structural reforms were incomplete and subject to high risk, which had serious implications for developing countries in a globalized economy. He disagreed that domestic action was the right approach to confront the challenges of globalization and marginalization. Only through the active participation of the population and increased levels of official development assistance could those challenges be met. Greater policy coordination among the major industrialized countries was essential in order to achieve social macroeconomic convergence and consistency in fiscal and monetary policies. These critical and useful functions could be achieved through a formal system of coordination by the International Monetary Fund. In that regard, he wondered whether the Fund had plans to establish such a system.

Many developing countries, his own included, had initiated the reform process through the liberalization of their economies. Yet, the outcome of reforms had been uneven, and many developing countries remained particularly vulnerable to fluctuations in commodity prices. It was all the more disturbing, therefore, to note that developing countries were now facing the threat of new trade barriers because of environmental, social and employment considerations. He asked whether UNCTAD had any policy guidelines for dealing with the threat of those new trade barriers. He agreed with the representative of Pakistan on the need to create an environment for the international mobility of labour.

In the past, multilateral institutions, including those of the United Nations system, had played a significant role in supporting developing countries which had initiated reform measures, particularly through grant assistance and concessional lending to low-income countries. For such countries, official development assistance remained a major source of external finance. The decline in the flow of such assistance was disappointing. Two thirds of it was earmarked for countries of strategic interest to donors, while three quarters of the world's poor received only one quarter. He asked whether the World Bank and the International Monetary Fund had any plans to increase foreign direct investment to low-income countries.

Mr. WILMOT (Ghana) said that, while his delegation was relieved to learn that the developing countries had been registering remarkable economic growth and that real income per person had been rising since 1995 in a vast majority of those countries, it noted that the real per capita income recorded in most developing countries in 1995 and 1996 was inferior to what it had been in 1980. In most of the developing world, especially in Africa, countries were struggling to reach the levels of 1980, a sobering fact which tempered any feeling of gratification.

According to the World Economic and Social Survey 1996, direct foreign investment in the capital-importing developing countries had grown from $17 billion in 1990 to $64 billion in 1995. However, that investment was highly concentrated in a small number of developing countries, with only small amounts destined for the poorest countries. It was clear that, in order to attract increased foreign direct investment, the poorer countries required more adequate support from the international community. The reasons for the low volume of investment flows to the poor developing countries were not only economic. In some instances, investors had been discouraged by incorrect perceptions based on sensational media reports which focused on images of disaster and failure rather than on the progress achieved. Africa had been the greatest victim of that phenomenon. Donor countries and development agencies should apprise investors and the international media of the true situation in individual developing countries. Donor countries and development agencies should match the efforts of the poor developing countries to restructure their economies by establishing a package of incentives to encourage foreign companies to set up operations in those countries.

The representative of the World Bank had referred to the Bank's participation in a programme of microfinancing for the poor. Since the ordinary citizen saw development not in terms of economic growth but in the light of employment opportunities, basic education and primary health care facilities, and nutritional standards, he wondered what percentage of the World Bank's overall investment resources was allocated to activities in the social sector or for poverty alleviation.

The debt burden was a very real impediment to the economic and social development of many developing countries. It was therefore gratifying to learn that after several years of hesitation, the International Monetary Fund and the World Bank were currently formulating a specific plan to tackle the problems confronted by the most heavily indebted low-income developing countries. If all of the conditions for the implementation of the plan were fulfilled, he asked how much of the multilateral debt owed by countries of sub-Saharan Africa would be wiped out. In that connection, he recalled that Africa's total foreign debt, a substantial portion of which was owed to the multilateral financial institutions, was about $300 billion, to which $20 billion was added annually in capital and interest. A recent study had revealed that the World Bank had at least $8 billion of surplus resources, which could be used to finance debt reduction of the poorest countries. He asked the representative of the World Bank to comment on that study.

While it was recognized that regional economic cooperation and integration promoted trade and investment opportunities as well as sustainable economic growth and development, there had been very little progress towards economic integration, particularly in Africa. If regional markets could be strengthened, it was very likely that the flow of foreign direct investment would be enhanced considerably. Accordingly, support for regional integration among developing countries should feature in the development cooperation policies and strategies of the multilateral financial institutions, development agencies and the donor community.

It was disturbing to observe that, with the disappearance of the cold war, a number of donor countries no longer saw any rationale for official development assistance. His delegation believed that a new rationale for development cooperation should be established. Just as it was accepted that countries were morally bound to evolve a social policy, development cooperation must be accepted as a moral imperative, based on genuine partnership and mutuality of interests and benefits.

Dr. NAKAJIMA (World Health Organization (WHO)) said that the World Health Organization was working in an enhanced partnership with the Bretton Woods institutions, in particular, the World Bank, in the field of health.

He underscored the social and financial costs related to disease and ill-health and noted in particular the vast expenditures required to combat common infectious diseases and diabetes in the United States of America and of controlling malaria in sub-Saharan Africa. Other countries, developing and developed alike, faced similar burdens.

On a more positive note, investments in health yielded significant social and economic returns; for example, since the launching of the WHO onchocerciasis (river blindness) programme in Africa in 1974 with the support of several United Nations organizations, including the World Bank, more than 1.7 million additional years of productive labour had become available and approximately 25 million hectares of fertile land had been opened up for resettlement as a result of control measures. The programme had been extended to other African countries and was expected to end by the year 2002.

Immediate priorities for WHO included combating "old" diseases and preventing newly emerging diseases from causing massive economic losses. WHO had undertaken extensive reforms to strengthen its own capacities and looked forward to cooperating with its partners to support all countries in a spirit of solidarity and respect. The objective must be to reduce the significant burden of disease and ill-health which hampered the social and economic development of many countries, both developed and developing.

Mr. SINON (Malaysia) said that the time had come to review the governance structure of the Bretton Woods institutions, which should reflect the contributions of new and emerging economies. His delegation was concerned that inadequate progress had been made since the World Summit for Social Development with regard to the reduction of multilateral debt.

The role of the United Nations with respect to issues relating to the social responsibility and environmental accountability of transnational corporations should be enhanced. He noted that the World Economic and Social Survey 1996 painted too rosy a picture and that there were discrepancies in some of the figures contained therein. It was imperative not to deflect attention from serious economic problems. On the question of partnership, he underscored the need to devise a transparent approach to multilateral decision-making which took into account the work of the United Nations as well as the views of the Group of Seven.

Given the significant erosion of the ability of central banks to contend with volatile financial flows, he wondered whether the measures instituted by the International Monetary Fund would adequately address those problems. Lastly, he emphasized that nations must display a moral conscience in order to ensure that the commitments undertaken at recent major international conferences, from the United Nations Conference on Environment and Development to the second United Nations Conference on Human Settlements (Habitat II), were honoured.

Mrs. CASTRO de BARISH (Costa Rica) expressed surprise that none of the organization representatives who had spoken thus far had addressed the needs of women and children and the important work of the United Nations Children's Fund (UNICEF). It was imperative to ensure adequate follow-up to the World Summit for Children held in 1990. Education, health and basic nutrition were crucial for economic and social development, and UNCTAD should assist women and children victimized by poverty.

Her delegation agreed with the Russian delegation that sustainable human development must receive priority attention, and she wished to know what the

United Nations Development Programme and the Inter-Agency Task Force on the International Conference on Population and Development were doing to that end. The Bretton Woods institutions should cooperate with UNICEF to assist women and children, as well as victims of anti-personnel mines. Her delegation was pleased that the World Bank planned to provide aid for the benefit of girls, and it looked forward to increased cooperation between UNDP, the Bretton Woods institutions and UNICEF.

Mr. OWADA (Japan) recalled the statements heard at the preceding meeting and said that consideration should be given at future sessions to focusing the policy dialogue on a selected issue or issues in order to best utilize the time available.

His delegation advocated a comprehensive approach to development cooperation which took into account all relevant factors, including official development assistance, direct investment and trade, and which could be shared by all participants in the development process. He wished to know how the organizations concerned planned to ensure a coordinated framework for such cooperation.

Mr. YU Qingtai (China) welcomed the efforts of UNCTAD to promote South-South cooperation and North-South dialogue and wished to know how that organization intended to assist the developing countries, in particular, the least developed among them, to meet the challenges presented by the globalization of the world economy and trade and ensure that they were integrated into the world economy.

Although it was true that countries could not rely solely on official development assistance and foreign investment, the least developed countries had scant domestic resources to mobilize. He wished to know how the International Monetary Fund could help those countries.

Mr. HIDAYAT (Indonesia) said that cooperation between the Bretton Woods institutions and the United Nations was required at both the policy and field levels. He inquired why those institutions appeared reluctant to enter into formal agreements for specific projects.

His delegation believed that UNCTAD should play an important role in ensuring a coordinated response by the United Nations system to recent international conferences.

Mr. MARILANGA (Philippines) endorsed the views expressed by the representatives of Bangladesh and Pakistan regarding labour mobility.

Economic growth was as important to developing countries as were environmental concerns in the context of sustainable development. He stressed the importance of the United Nations Industrial Development Organization (UNIDO) and UNCTAD to the developing countries and welcomed the reforms under way in those organizations. His delegation wished to know how UNCTAD planned to strengthen its cooperation with UNIDO in a manner which took full advantage of the synergies and complementarities of the two organizations.

Mr. SANDSTRÖM (World Bank), replying to the representative of Bangladesh, said that the World Bank did have plans to help increase foreign direct investment flows to poorer countries. The Bank was very aware of the need to avoid labelling those countries in a manner which discouraged investors. With reference to the questions from the representative of Ghana, he said that the Bank considered that all its loans were intended to alleviate poverty. A coherent investment programme was essential in order to achieve poverty reduction, and education and job creation programmes must go hand in hand.

As to why the Bank would not wipe out all the debt of sub-Saharan African countries, he pointed out that $6 billion would be needed to bring the debt to sustainable levels and that it was not necessary to reduce it further. To do so would mean allocating scarce resources which could be used for higher priorities. A number of countries, including some in Africa, questioned even the planned level of debt reduction and felt that countries which had not managed their debt responsibly should not be rewarded with concessional aid. The World Bank did not plan to use its reserves or surplus for debt reduction because it wished to retain its AAA rating so that it could continue to borrow in capital markets on highly concessional terms.

Turning to the Malaysian representative's questions, he said, with regard to governance issues, that the Bank was undertaking a review - which was linked to the quota review in IMF - of the voting shares, in the light of rapid shifts in relative economic power and the emerging economies of eastern Asia. The process, which might take more than a year, was very complicated, and he noted that a similar effort some years earlier had not yielded an agreed adjustment.

With regard to the delay in reaching a solution to the debt problem, he pointed out that the Bank had submitted a report on the framework for such a solution to the Development Committee of IMF in April. That Committee and the Interim Committee of IMF had agreed on the framework, which was now being developed in greater detail. Sources of financing were being identified, and the Bank hoped for a solution by October.

With respect to the Japanese delegation's call for a new cooperation strategy, he said that the Bank's approach recognized the need for sustainable environmental and social development and investment in people and that the details of any approach must be worked out at the country level.

Mr. NARVEKAR (International Monetary Fund (IMF)) noted that IMF was considering selling some of its gold reserves so that the proceeds could be invested to subsidize lending.

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In reply to the Malaysian representative's query as to whether the Fund's efforts to cope with the volatility of capital was adequate, he said that the Fund was endeavouring both to strengthen its capital base and to streamline arrangements under which loans could be extended in emergencies.

Mr. RICUPERO (Secretary-General, United Nations Conference on Trade and Development (UNCTAD)), referring to the question of labour mobility, said that UNCTAD would deal with the issue in its joint efforts with the World Trade Organization (WTO). That point had been stressed in all the UNCTAD documents concerning services.

He agreed with the representative of the World Bank that there was no universal formula for a development strategy and that country-specific strategies were required. UNCTAD was studying examples of successful development in Asia, Latin America and elsewhere and hoped that some of the lessons learned could be applied elsewhere. Triangular coordination, which involved incorporating the successful experience of developing countries, was one possible approach.

As to the Chinese delegation's question regarding how UNCTAD would assist the least developed countries to meet the challenges of globalization, he recalled his initial presentation to the Council at its current session. UNCTAD planned to do far more than monitor the implementation of the Programme of Action for the Least Developed Countries for the 1990s and was considering various ways to achieve that goal, including the establishment of a trust fund.

UNCTAD cooperated with UNIDO in three main areas which built on their respective synergies: enterprise development, investment and technology. His agency was also working to improve the situation of women and children and to eradicate poverty, and its mandate in that regard had been reinforced in South Africa.

Mr. GIORGIANNI (Observer for Italy), speaking in exercise of the right of reply, noted that a delegation had brought up the question of the reform of the Security Council and said that his country also was particularly interested in a speedy conclusion to that process. The reform must not provide for an increase in the number of permanent members. Rather, the number of non-permanent members should be increased, in order to allow for a more regular and frequent rotation of those countries which made a particularly significant contribution to the work of the United Nations, in particular, to its peace-keeping operations.

His delegation's proposal limited competition for the newly established seats to 30 countries, to be elected by secret ballot, which was the true essence of democracy. Those countries would not be able to compete for the 10 current non-permanent seats. Those seats would be available to all small and medium-sized countries. There were 124 countries which either had never, or had only once, been elected to the Security Council. The principles of participation and democracy must guide the reform process.

The meeting rose at 6.10 p.m.