

BHUTAN

**Statement by His Excellency Lyonpo Yeshey Zimba Minister of Finance, Kingdom of Bhutan, at the International Conference on Financing for Development, Monterrey, Mexico , 21st March 2002**

May I first of all thank the Government and the people of Mexico for the excellent arrangements made for work and the warm hospitality extended to us.

The new millennium was ushered in with renewed hope and aspirations for all the people of the world, particularly the poor and disadvantaged. The Millennium Summit saw the largest gathering ever of top world leaders and the adoption of the very noble and timely Millennium Declaration. All leaders from the rich as well as the developing countries took stock of the state of the world in terms of peace and development and acknowledged the need to increase resources for improving the plight of the poor.

The plight of the world's poor is perhaps the most widely discussed subject in nearly all major international meetings such as those of the International Monetary Fund, World Bank and World Trade Organization. The subject is discussed at most meetings of the United Nations, regional development banks and other agencies. We have heard so many times about the concerns expressed over the fate of the 1.2 billion people living on less than \$1 a day and the urgent need to transfer resources from the rich to the poor and needy.

While much has been said and discussed, sadly, very little has actually been done. The problem of poverty and underdevelopment continues unabated. The long-awaited increase in resource transfer has not happened. On the contrary official development assistance is actually falling, hitting hardest the weakest and most vulnerable.

I fully agree that the onus of development cannot be placed on the donor partners and that we, the recipient countries, must assume full responsibility for the destiny of our countries and peoples. Unfortunately, given our level of poverty, most developing countries, especially the least developed ones, are not able to mobilize adequate domestic resources to meet even urgent and important needs, particularly in the social sector.

In this age of globalization, many look to foreign direct investment and trade as an alternative source of financing for development. While much has been achieved in many countries, the benefits of foreign direct investment and trade accrue mainly to larger, more developed countries where there are greater prospects for profit. Smaller, less-developed countries, particularly landlocked countries with limited resources and rugged terrain do not hold much scope for foreign direct investment. Hence, there is no alternative to official direct assistance, at least in the near future, for many countries, including my own.

After having heard of the European Union's commitment to enhance its level of official direct assistance and the announcement of President Bush to increase the United States official direct assistance level over the next three years, I can indeed say that the Monterrey conference was a worthwhile attempt to reverse the otherwise sad trend of declining official direct assistance.

While the commitment falls far short of the needs, it has nonetheless rekindled the hope and belief in international good will and cooperation. The Monterrey consensus should certainly make all of us happier, but it should not make us complacent. It is now imperative that donor nations actually disburse what they commit to. We may otherwise see a repetition of the past, where money available in principle is not spent while the poor and needy continue to suffer. In order to avoid such a situation, donor nations must be more flexible and understanding when it comes to conditions and selectivity. The vicious cycle of poverty, conditions and inadequate aid must no longer be perpetuated.

I would also like to take this opportunity to commend the northern European countries, particularly Denmark, Norway, the Netherlands and Sweden, for taking the lead role in enhancing official development assistance to more than the 0.7 per cent of gross national product prescribed and, more importantly, for adopting liberal and flexible aid modalities.

If there is to be peace and harmony, the divide between the rich and the poor must be reduced. Peace cannot be assured when one fifth of the world's population lives in abject poverty, suffering the pains and indignities of deprivation. The people of our planet, the rich and the poor, have a common destiny as we share the same world. In the long run, we all sink or float together. There is no other way.

So let us resolve to work together as a family towards the common good of all humanity. Let the rich help the poor. Let the poor put their own house in order. Let us make the first century of the new millennium the century of hope, peace and development.