
Financing Agencies Should Lend to Developing Countries on Concessional Terms:

Bogollagama

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The global liquidity conditions are yet to recover to pre-crisis levels, with many Commonwealth countries finding it difficult to raise the required external funding through multilateral and other donor agencies and accordingly, Financing Agencies should be promoted to lend to developing countries under concessional terms and conditions where possible, observed Foreign Minister Rohitha Bogollagama in his intervention on the discussions on the World Economic Situation, at the pre-Commonwealth Heads of Government Meeting (CHOGM) today (25 November 2009) in Port of Spain, Trinidad & Tobago.

The Minister elaborated that it is imperative to address this crisis in a holistic and integrative manner, due to the interlinkages between the developed and developing countries. He opined that developed countries must ensure that policy decisions taken by them do not add to the hardships faced by the people by creating unemployment. Minister Bogollagama pointed out that developed countries should not resort to protectionism and special stimulus packages be provided for developing countries taking into account their economic needs. He further stated that the developed countries should also make available funds on concessional terms and conditions for developing countries with debt in order to continue their development activities. He called on multilateral agencies and development partners to consider a moratorium on the repayment of debt. The Minister pointed out that challenges which include food and energy security and climate change also need enhanced international cooperation, for which the Commonwealth network could provide the framework. Outlining the position on the reform of the International Institutions, Minister Bogollagama pledged Sri Lanka's support on this aspect. He pointed out that development assistance extended by the international institutions is often combined with political and global objectives. Such complexities have created difficulties for the recipients as important decisions taken by the development partners usually do not take into account the ground conditions objectively of the recipient countries, the Minister warned. Minister Bogollagama further stated that the policy prescriptions emanating from the Bretton Woods Institutions should be more country conscious and not common measure to all recipients. Further, the Minister stated that it is essential that all countries represented in the institutions to have an equal voice. Minister Bogollagama pointed out that these institutions should be reformed to be perceived by the member states as neutral bodies which discuss multilateral cooperation seriously. He further stated that impartial arbiters in demonstrating international standards or codes and unbiased advisers or providers of information must be carried out. The Foreign Minister emphasized that the global coordinated efforts are needed to ensure that global crises such as those recently experienced do not erupt in the future. Such crises he said needed to be dealt with global initiatives, as in the case of the allocation of Special Drawing Rights by the IMF in response to the request made by G20. The Minister outlining the impact of the global crises stated that they can only be addressed by coordinated global measures and not through isolated national policies. Accordingly he said the Bretton Woods institutions need to be restructured to enable them to respond to these global crises, proactively. The Minister called on the Commonwealth and G20 with its unique and common members to play a pivotal role in this endeavor. Minister Bogollagama outlined the importance of the possibility of the international institutions incorporating the recommendations made by developing economies although their share of voting rights are considerably small to be influential. He concluded that the Commonwealth through its network would be an appropriate forum for an ongoing dialogue on international institution reform. Ministry of Foreign Affairs Colombo 25 November 2009