

THE GROUP OF 77 AT THE UNITED NATIONS
THIRD SERIES

The Collected Documents of **THE
GROUP
OF
77**

VOLUME V

*The Perez-Guerrero Trust Fund for
South-South Cooperation*

Edited by
Mourad Ahmia



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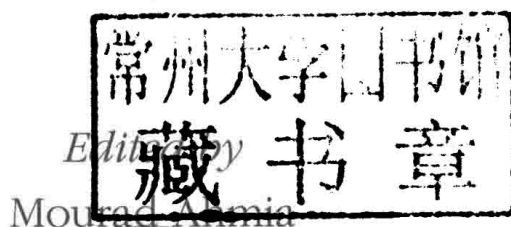
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*The Perez-Guerrero Trust Fund
for South-South Cooperation (PGTF)*



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In Memoriam

*Ambassador Abderrahmane Merouane (1952–2012) from
Algeria who served on the Committee of Experts of the
Perez-Guerrero Trust Fund for
South-South Cooperation (PGTF)
(2000–2012)*

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Foreword

South-South cooperation is a key initiative of the developing countries, aimed at forging economic and technical ties between them and thus contributing to the achievement of the social and economic development of their nations and peoples.

While exchanges and communication routes that linked the southern world can be traced back to the pre-colonial era and even to ancient times, cooperation among developing countries as an organized process is much more recent, dating back some five or six decades.

In this regard, two groupings of the developing countries have played an important role, namely the Non-Aligned Movement and the Group of 77. The first one launched the concept of collective self-reliance in 1970, while the second—established in 1964 on the occasion of the first UNCTAD as a negotiating mechanism with the North on economic matters—became the main expression of the developing countries in the promotion of South-South cooperation with the adoption of the transcendent Caracas Programme of Action (CPA) in 1981, which brought the concept of collective self-reliance to the operational stage.

Cooperative efforts among developing countries were not new and in this regard several programmes had already been agreed upon before the adoption of the CPA and implemented to varying degrees, as evidenced in the action taken in the various sub-regional, regional, and interregional groupings. The CPA appears as the finished synthesis of the great project of South-South cooperation that had been brewing in all discussions between the developing countries and constitutes the more appropriate and natural framework for cooperation.

The CPA identifies a set of priority actions in the fields of trade, technology, food and agriculture, energy, raw materials, finance, industrialization, and technical cooperation. Actions in these sectors are accompanied in the CPA by the adoption of a set of mechanisms that had no precedent in the history of South-South cooperation, related to coordination, monitoring, follow-up, and evaluation, with a view to providing an operational base and ensuring the effective implementation of the

Programme. They include technical support to the Chair of the Group of 77 in New York and a financial account for costs associated with the implementation of the CPA, as well as suggested mechanisms for government action, such as action committees and multinational companies.

Actions identified in the CPA were later expanded in other meetings of the Group, in particular by the Havana Programme of Action adopted by the First South Summit of the Group of 77 in 2000 and the Doha Plan of Action adopted by the Second South Summit in 2005, as well as the sectoral conferences and sessions of the Intergovernmental Follow-up and Coordination Committee on South-South Cooperation (IFCC).

Cooperative actions identified in the CPA required financial support and to this end, at the initiative of the Group of 77, the United Nations General Assembly adopted resolution 38/201 in 1983, which provided for the liquidation of the United Nations Emergency Operations and the allocation of its remaining balance in three portions, namely assistance to drought victims in the Sahel; alleviation of the refugee problem in the Middle East; and economic cooperation among developing countries. As stated in the resolution, 12 per cent of the balance was allocated 'to activities in economic and technical cooperation among developing countries of critical importance to developing countries, according to the priorities set by them'.

A Trust Fund administered directly by the Administrator of the UNDP was then established in 1984. It had a limited activity until 1986, when a High-level Meeting on Economic Cooperation among Developing Countries (ECDC) held in Cairo, Egypt, agreed upon the main features for launching the Fund's operations, including definition of its objectives and criteria for project selection, as well as operational arrangements for the submission, appraisal, and approval of project proposals. The Cairo meeting decided to name the Fund after the late Manuel Perez-Guerrero and it formally became the Perez-Guerrero Trust Fund on Economic and Technical Cooperation among Developing Countries (PGTF) in 1986 by means of General Assembly decision 41/457.

PGTF was established with an initial core capital of US\$5 million, and only interest accrued on PGTF could be used to support projects so as to preserve intact the core capital. In 26 years of operation, PGTF has proved to be a useful mechanism for providing catalytic financial support to South-South cooperation activities, in spite of its modest size. To date, it has allocated US\$12 million in supporting 243 projects, which involved the direct participation of 123 member countries of the Group of 77 and the collective participation of the entire membership. Approved projects addressed all the priority areas identified in the CPA and were implemented at all geographic levels, namely sub-regional, regional, and interregional. A large number of institutions of the South had primary responsibility in the implementation of projects, including 94 national institutions and 38 regional and international institutions, and a significantly larger number of institutions have

participated in and/or benefited from the projects, but did not have the primary responsibility in their implementation.

PGTF was originally conceived to operate solely on the basis of the interest earnings of the initial core capital. However, the substantial decline in interest rates that started in the early 2000s and has become more acute in recent years called for action to expand the resources of the Fund. A sustained fund-raising effort launched in 1997 has permitted to preserve the responsiveness of PGTF by supplementing interest earnings with contributions from member countries of the Group of 77 and international institutions, and by increasing the multiplier effect of its resources through co-financing with other institutions. The member countries have generously responded, and in the past five years additional resources that were mobilized increased by 75 per cent the available funds coming from interest earnings of the initial core capital.

In summary, in addition to being a success story of the Group of 77 in funding South-South cooperation activities, albeit at a very modest scale, PGTF is the practical evidence of the importance of having independent funding sources to ensure that activities carried out effectively reflect the priorities and interests of the developing countries.

As stated in the text of decision 41/457, PGTF was named after Manuel Perez-Guerrero, in recognition of his outstanding contribution to international cooperation for development. Perez-Guerrero represented Venezuela at the negotiations that led to the above-mentioned resolution 38/201 in 1983 and it was at his insistence that activities of economic cooperation among developing countries became the third field in which the remaining resources of the liquidated Trust Fund for Emergency Operations would be spent.

Manuel Perez-Guerrero (1911–1985) was a Venezuelan, whose long and distinguished career spanned more than forty years, in a combination of outstanding service to his country and in the international arena, and in both spheres he held posts of the highest responsibility.

In Venezuela he held four different Cabinet positions over five different decades, from the 1940s to the 1980s. He was Minister of Finance in the 1940s, Head of the Central National Planning Office in the late 1950s and 1960s, Minister of Mines and Hydrocarbons in the 1960s, and Minister of State for International Economic Affairs in the 1970s and 1980s.

Perez-Guerrero was instrumental in many fundamental decisions that shaped the transit of Venezuela into a modern society, including the reform of the Central Bank and the Banking Act, establishment of a system of coherent remuneration in the public administration and of a Budget Directorate, preparation of the First National Development Plan, establishment of OPEC, and nationalization of the iron and petroleum industries.

In the international arena, Perez-Guerrero started his professional career in the League of Nations in Geneva in the late 1930s and worked in the International Labor Organization in Montreal in the early 1940s. He was a member of the Venezuelan delegation to the important international meetings held in the mid-1940s which shaped the institutions that were to govern international relations (Hot Springs in 1943, at which the Food and Agriculture Organization was established; Bretton Woods in 1944, which set up the World Bank and the International Monetary Fund; and San Francisco in 1945, which established the United Nations). In the late 1940s, after rejoining the United Nations Secretariat, he played a major role in the launching of the United Nations Expanded Programme of Technical Assistance (EPTA), the very first United Nations technical assistance programme for the developing countries, which was subsequently transformed into the United Nations Development Programme (UNDP). In the late 1950s he served as administrator of the United Nations Non-Self Governing Territories and witnessed the birth of a number of independent African nations.

Perez-Guerrero was the representative of Venezuela to the United Nations in New York in the late 1960s and Secretary-General of UNCTAD from 1969 to 1974. At UNCTAD he strongly supported the establishment of the Generalized System of Preferences (GSP) in favor of the trade of the developing countries, which was a milestone in international economic cooperation. He became one of the main advocates of the Integrated Programme for Commodities and the Common Fund, a system designed to contribute to solving the problem of fluctuating commodity prices, with due regard to the interests of both producer and consumer countries. In the early 1970s he played a decisive role in the establishment of the OPEC Special Fund, which later became the OPEC Fund for International Development, and the International Fund for Agricultural Development (IFAD). Perez-Guerrero was Co-chairman of the Conference on International Economic Cooperation (the so-called 'North-South Dialogue'), held in Paris from 1975 to 1977, which became the most important negotiating exercise in the history of North-South relations.

In the 1980s, Perez-Guerrero dedicated himself in particular to the promotion of South-South cooperation and was Chairman of the Group of 77 in New York in 1981. Under his chairmanship was held the preparatory process and the high-level meeting that led to the adoption of the Caracas Programme of Action.

Perez-Guerrero never wrote his memoirs (he considered that this was a task for retirees and he remained active until the end of his life) but left an important intellectual legacy in a large number of articles, interviews, papers, conferences, speeches, and statements. His thinking was guided by a clear vision of the main world problems and the need to substitute the prevailing system of international economic relations through genuine and long-lasting agreements between the developed and developing countries. Negotiation and consensus were the tools for this undertaking and perseverance and sense of opportunity were indispensable

qualities to be part of it. He excelled in providing the decisive opinion at the right moment to place in concrete terms a difficult or important decision. This quality, coupled with an extreme personal modesty, made him discreetly present in so many national and international achievements, but largely out of the limelight and without the general public being aware of the fact.

He was devoted to teamwork and the conciliation of different points of view, and throughout the years he formed and inspired a large number of disciples in many places. May the achievements of one of his legacies, the PGTF, serve as a small and permanent tribute to this extraordinary man.

Eduardo Praselj
Chairman of the Perez-Guerrero Trust Fund for
South-South Cooperation (PGTF)

Preface by the Editor

The present publication is the fifth installment in the series entitled *The Group of 77 at the United Nations*, which is dedicated to providing a comprehensive reference source for all the major documentary records issued by the Group of 77. The series aims to contribute to a greater understanding of the Group's action within the framework of the United Nations development system.

This special volume of the series brings together a selection of materials pertaining to the Perez-Guerrero Trust Fund for South-South Cooperation, known as the PGTF, a Fund established by the United Nations General Assembly at the initiative of the Group of 77 in 1983 for the purpose of providing financial support to projects in various fields of South-South cooperation. It is named after Dr Manuel Perez-Guerrero (1911–1985) of Venezuela, who was Secretary-General of UNCTAD (1969–1974), and Chair of the Group of 77 in New York during 1980–1981. Affectionately called and popularly known as 'PG', as a visionary diplomat, he promoted the development agenda, particularly South-South cooperation on a global scale, which became a central feature of the development core mission of the United Nations system.

This volume is divided into four chapters which are the following:

- *Chapter I* presents the foundational documents and platform of the Group of 77 at its inception.
- *Chapter II* brings together a selection of documents that define the Group's strategies and policies for South-South cooperation.
- *Chapter III* presents an overview of the activities and performance of the PGTF since its operationalisation.
- *Chapter IV* includes a short biographical note and a selection of writings by Dr Manuel Perez-Guerrero as well as selected articles on his work.