



STATEMENT ON BEHALF OF THE GROUP OF 77 AND CHINA BY MR. KHALED HUSSEIN ALYEMANY, MINISTER PLENIPOTENTIARY, PERMANENT MISSION OF THE REPUBLIC OF YEMEN TO THE UNITED NATIONS, ON AGENDA ITEM 19, FOLLOW-UP TO AND IMPLEMENTATION OF THE OUTCOME OF THE 2002 INTERNATIONAL CONFERENCE ON FINANCING FOR DEVELOPMENT AND THE 2008 REVIEW CONFERENCE, IN THE SECOND COMMITTEE OF THE 65TH SESSION OF THE UNITED NATIONS GENERAL ASSEMBLY (New York, 14 October 2010)

Mr. Chairman,

1. Allow me on behalf of the G77 and China to thank your Excellency, the Secretary-General and the UN system for the resolute commitment to development. Today's discussions on financing for development demonstrate the will and resolve of the international community and its multilateral system. The Group attaches to the topic of financing for development special priority and expresses its commitment to participate constructively in today's discussions as well as in future negotiations.
2. The financial and economic crisis is by no means over. The economic recovery took place in most of the developed countries and some developing countries, but did not reach many other developing countries. In recent months there has been increasing doubts about the sustainability of the global-level recovery, partly because of the new signs of financial instability and fragility arising from issues of sovereign debt in a few European countries.
3. The systemic problems facing the global economy have yet to be resolved. The reform of the global financial architecture is an unfinished business, and work in this area must be intensified. There are still major and unfulfilled objectives, including the provision of development financing on a predictable manner to developing countries, the provision of funds to meet the urgent needs of developing countries arising from the effects of the crisis. In this regard, we emphasize the need to reform the international monetary and financial system.

Mr. Chairman,

4. The Monterrey Conference of 2002 is registered as one of the successes of the United Nations in development matters. Although at first there was a strong resistance to allow the United Nations to engage in financial matters, this resistance was overcome, in light of the irrefutable argument that the UN had a legitimate role to play in the process of development as stipulated in its Charter.
5. The Group is encouraged by the progress achieved so far in strengthening the financing for development follow-up process. Nevertheless, we believe that much more needs to be done to ensure the full implementation of the agreed FFD commitments. It should be recalled that the Monterrey Conference is the only major UN summit in the economic and social field that did not result in a permanent intergovernmental body to oversee and promote the implementation of its outcome.
6. We would like to express our concern for the negative implications of the economic and financial crisis on development, as well as by its damaging impact on the flow of direct investment, external debt, and international trade.

- Developing countries have had to invest significant resources to service and reduce their debt. At the same time, they have had to invest in financial assets of developed countries, in order to protect their currencies in an unstable international environment.
- The Group reaffirms the need for fulfillment of the donors' commitment to allocate 0.7 per cent of their GNI to developing countries.
- The Group of 77 and China expects a fundamental role for the United Nations in this process.

7. The Working Group on the Financial and Economic Crisis has proven its worth, and has shown the importance and usefulness of an open, transparent and inclusive multilateral forum for dialogue and for discussing proposals for addressing the crisis, in line with the mandate provided by the decisions of the conference on the "World Financial and Economic Crisis and its Impact on Development" and the relevant General Assembly resolution.

8. The G77 and China is committed to continuing the discussions regarding the follow-up mechanism of financing for development as agreed in the resolution adopted in the 64th session of the General Assembly, which reiterated the need to review the modalities for the financing for development follow-up process.

9. ECOSOC resolution E/2010/L.12/Rev.1, which underscores that the modalities of the process should be reviewed, and notes that the Secretary-General will present concrete proposals on further strengthening the financing for development follow-up process for consideration by Member States at the sixty-fifth session of the General Assembly.

10. Following that mandate, the recently issued Secretary-General's report A/65/293 from August 12 2010, recalls the note by the Secretary-General (E/2009/48) containing a detailed overview of various follow-up proposals, including those of the Secretary-General, in particular on the establishment of a new mechanism, under the goal to serve as a valid point of reference for further consideration by Member States and in the opportunity of considering the possibility of devising a more effective and robust mechanism for financing for development follow-up.

11. The Secretary-General's report underlined that this mechanism should have at its centre a "Financing for Development Committee", subsidiary either to the Economic and Social Council or to the General Assembly. The G77 and China strongly believes in the urgent need to implement this proposal.

12. Achieving a more effective intergovernmental inclusive process to carry out the financing for development follow-up is vital to achieve our development. This process should get the full attention and visibility it deserves, to monitor and insure timely implementation of the decisions we made in Monterrey and Doha.

Mr. Chairman,

13. Developing countries, especially the most vulnerable and least developed, need to generate liquidity for development and to be granted aid in a sustainable and predictable manner, to support the management of their debt, with the objective of liberating resources for development.

14. We have to underline the interaction between the FfD and the MDGs, especially their link to MDG 8. The Doha Declaration underlines the need to mobilize financial resources for development in order to achieve the internationally agreed development goals.

15. We also consider it essential that the 0.7 % ODA commitment be reached. Moreover, we attach importance to the role that innovative sources of financing could play in leveraging the mobilization

of domestic and international financial resources for development as a complementary source of financing.

16. The global financial and economic crisis has demonstrated the need to urgently mobilize financial resources for liquidity (to meet financing gaps) and for developmental purposes. It has also renewed the potential role of SDRs as an important source of financing for development.

17. The G77 and China believes that the expansion of SDR allocations is an effective and low-cost measure to quickly boost liquidity thereby providing developing countries in need with the means to meet their external financing gap and to implement counter-cyclical policies to mitigate the impact of the crisis.

18. The multiple impact of the crisis has aggravated the structural fragilities and imbalances. For that reason, we believe it should be addressed through a common long-term strategy that considers, among others, market access, technology transfer, financing for mitigation and adaptation measures in climate change, food insecurity, external debt and related problems.

19. The Group considers trade to be a vital tool to provide long-term sustainable growth. In this regard, we call for the conclusion of the Doha Round to prevent future crises and secure development gains made before the crisis from erosion. Subsidies, particularly in the agriculture sector have a direct impact in our countries, especially affecting the most vulnerable farmers.

Mr. Chairman,

20. The G77 and China stresses the vital need for ambitious and expeditious reform of the Bretton Woods Institutions, particularly their governance structures, based on full and fair representation of developing countries, in order to address the democratic deficit in these institutions and improve their legitimacy. These reforms must reflect current realities and ensure full voice and participation of developing countries. As a first step, the reforms should achieve, at least parity of voting power for developing countries as a group in the decision-making process within the BWIs.

21. Finally, Mr., Chairman. I would like to reiterate the readiness of the G77 and China to constructively and substantively interact in this process in order to give financing for development the importance it deserves.

I thank you.