



**STATEMENT ON BEHALF OF THE GROUP OF 77 AND CHINA BY MR. JONATHAN VIERA, SECOND SECRETARY, PERMANENT MISSION OF ECUADOR TO THE UNITED NATIONS, AT THE SECOND INFORMAL CONSULTATION FOR THE PREPARATION OF THE DRAFT OUTCOME OF THE FORUM ON FINANCING FOR DEVELOPMENT FOLLOW-UP (New York, 21 April 2017)**

Co-Facilitators,

I have the honour to speak on behalf of the Group of 77 and China. At the outset, I would like to thank you for convening this meeting. We would like to reiterate our commitment to work towards a substantive outcome that takes account of all the action areas of the Addis Ababa Action Agenda in a balanced manner.

It is our understanding that the zero draft will be released next week, and as such we request that every effort be made to have it released no later than Thursday April 27. This, in order that it can be dispatched to capitals and for groups to coordinate with sufficient time for inputs in the negotiations.

Having now had some time to reflect on the Draft 2017 IATF Report, the G77 recognizes that while the report covers what has been done and achieved since Addis, it does not sufficiently highlight the gaps that need further work. Additionally, while there is some interesting analysis and concrete recommendations on how to undertake national-level actions, regrettably, on partnership issues, it often ignores the specific commitments of the Addis Agenda or provides only general recommendations.

In this regard, we wish to highlight the following points, on substance and on modalities, for inclusion in the outcome document:

On Substance -

- The very challenging global environment, with low growth, prolonged weakness in the global recovery, sharp decline of commodities prices, increase in protectionist tendencies by developed countries, and persistent humanitarian crises, requires that business as usual not be tolerated, if we are to advance in the achievement of the ambitious Agenda we have set for ourselves. Improved international cooperation can help stimulate growth, and is a necessary condition for the financing of the 2030 Agenda. Attention to issues of inclusion, equity and sustainability must be taken into account. It is key that the outcome document also acknowledges the negative trajectory that we are on and emphasizes the need to correct our course, if we are to eradicate extreme poverty by 2030.

- International development cooperation/ODA: official development assistance is essential and indispensable for sustainable development. It is the main channel for international cooperation and will continue to remain so. ODA also has the capability of catalyzing resources from other areas towards sustainable development. Regrettably, ODA has been flat for the past 6 years. The increasing shift of ODA resources towards crisis situations is not consistent with a sustainable approach to development. It promotes reactionary tendencies and lacks the very long-term mindset we are trying to inculcate in our approach to financing development and achieving the SDGs. As developing countries, the G77 and China note the very scant treatment that North-South

cooperation has been given in the report and reiterate our call that developed countries honor their commitments in relation to ODA. Africa has a particular priority here. The outcome document must therefore speak not only to the special needs of LDCs, LLDCs and SIDS but also to the special needs of Africa. The concerns of many middle-income countries, as well as countries and peoples living under colonial and foreign occupation, and countries in situation of conflict and post-conflict are also relevant and the need to pursue a multidimensional approach to development that goes beyond per capita income. Even as we integrate the principle of the universality of the sustainable development agenda, we must take into account different national realities, capacities and levels of development and respect national policies and priorities as well as the dynamic nature of needs of developing countries. In addition, the Group reaffirms that South-South cooperation is a collective endeavor of developing countries based on the principle of solidarity and reiterates its position that South-South cooperation is a complement rather than a substitute for North South cooperation.

- Trade: trade, whilst having fallen by 10%, is still recognized as an engine for growth and sustainable development. In this regard the G77 and China is alarmed at the increase in protectionist rhetoric and tendencies. The outcome document must speak out against this, and emphasize the importance of strengthening the multilateral trading system and the necessity for the WTO to work in an effective manner when it comes to trade. Reference to a call for the smooth implementation of the Trade Facilitation Agreement (TFA) needs to also be reflected in the outcome document given its potential to increase exports by 20%, as well as for the implementation of decisions from past WTO Ministerial Conferences. The necessity to take action on issues that are linked with the implementation of the SDG in the upcoming WTO Ministerial to be held in Buenos Aires, as highlighted in the IATF report, should also be reflected. The document should reflect the importance of stimulating economic diversification, the relevance of regional trade, and supporting micro-, small and medium-sized enterprises and cooperatives throughout the value chain, in particular businesses and enterprises in the social and solidarity economy, operating in both the formal and informal economies.

- Debt and debt sustainability: debt reached a record high in 2015 and is a key concern for developing countries given the often high debt to GDP ratios that limit fiscal space and capacity to support social protection and investments in infrastructure. In this respect, we must emphasize the need to ensure that financing mechanisms and policies speak to the integrated nature of sustainable development so that the implementation of specific deliverables can have a knock-on effect across multiple SDG goals and targets - thus ensuring debt sustainability, for example, even as we strive to unlock resources for achieving the goals.

- Domestic public resources: Independent of the efforts being made by developing countries to maximize the use of domestic resources to achieve sustainable development, including by promoting inclusive economic growth that could broaden the tax base, there are fundamental limitations. Healthy tax systems, which require a more robust collection capacity and multilateral regulatory frameworks constructed in a balanced and representative manner, are important to improve the distribution of income. G77 and China reiterate the need to strengthen international cooperation on tax matters, recognizing with concern that as of today there is still no single global inclusive forum for international tax cooperation at the intergovernmental level. In that regard, we reiterate the need to fully upgrade the Committee of Experts in Tax Matters to an intergovernmental body with experts representing their respective governments. Among the most relevant issues are the challenges posed by the lack of international tax cooperation, the existing illicit financial flows and tax evasion. The outcome document must stress the importance of intergovernmental consideration of the issues raised in the IATF with regard to defining illicit financial flows. Appropriate emphasis has to be placed on an enabling global environment and global partnership for development, balanced against the increased emphasis being placed on domestic resource

mobilization. In this regard, the continued relevance and necessity of capacity building in the area of tax matters cannot be overstated. It is counterproductive to highlight the importance of domestic resource mobilization in developing countries, while at the same time not robustly tackle areas that impede their ability to capture necessary resources.

- Domestic and international private business and finance: the private sector can and must play an important role in mobilizing resources towards financing sustainable development. The need for accountability and transparency in that process and the commitment towards a long-term approach must be highlighted. This is particularly the case with respect to LDCs, where investment promotion regimes have not yet been realized. Private and public sectors must work together to achieve the 2030 Agenda, as the consequences of doing otherwise has implications as much for governments as for business and finance. The international community can and must drive the alignment of financial markets with sustainable development. States should demonstrate their will to implement the commitments they have made, both in the national and international levels, in order to create the necessary conditions and the enabling environment for private resources to be adequately channeled towards long-term sustainable development goals. Foreign direct investment must become more long-term oriented and aligned with national development priorities to support developing countries in implementing the SDGs.

- Systemic issues: reform of the multilateral institutions to make them more responsive to the needs and concerns of developing countries is a long standing demand, including broadening and strengthening the voice and participation of developing countries in international economic decision-making and norm-setting and global economic governance. Given the current global environment, it is clear that actions in this area are needed now. This will remain critical to stimulating global growth.

- Science, technology, innovation and capacity-building: capacity building and the transfer of technology are fundamental in facilitating developing countries in having ownership of their own development. In this regard, the outcome document must highlight the need for allocation of financing for the fulfilment of the Technology Facilitation Mechanism's (TFM) mandate.

Co-Facilitators,

On Modalities/Process -

- There is need to address next year's Forum and its modalities. We need to draw greater attention to the FfD process, from both states, the UN system, multilateral banks and the private sector. It is thus necessary to strengthen the FfD Forum as the coordinating instance for financing for development.

- We need to address the linkages with the Secretary-General's Report.

- What are the expectations for future IATF Reports? The clear message in this year's Report is that we are not on track to achieving the ambition of Addis or the 2030 Agenda. The overall presentation of the material was not sufficient, in providing clear options for how we might tackle the gaps. How can we change the trajectory and deliver on our ambition? Future Reports will need to therefore treat in detail this limitation.

- In conclusion, the G77 and China calls for a strong, balanced and timely outcome document, one that provides concrete guidance on how to mobilize the means of implementation for the Agenda and the Sustainable Development Goals. We need to ensure that we actively address the challenges that continue to impact our ability to deliver on these objectives. Our primary focus

should remain on facilitating implementation through enhanced international partnership and solidarity.

- The views just presented will also be provided in writing for your consideration.

I thank you, Co-Facilitators.