



STATEMENT ON BEHALF OF THE GROUP OF 77 AND CHINA BY MINISTER MARCELO SUAREZ SALVIA, PERMANENT MISSION OF ARGENTINA TO THE UNITED NATIONS, ON AGENDA ITEM 18, FOLLOW-UP TO AND IMPLEMENTATION OF THE OUTCOME OF THE 2002 INTERNATIONAL CONFERENCE ON FINANCING FOR DEVELOPMENT AND THE 2008 REVIEW CONFERENCE, AT THE SECOND COMMITTEE OF THE 66TH SESSION OF THE UNITED NATIONS GENERAL ASSEMBLY (New York, 13 October 2011)

Mr. Chairman,

I have the honour to deliver this statement on behalf of the Group of 77 and China.

1. First of all, we wish to thank the Secretary-General for his report and the important information, conclusions and concerns it puts forward, many of them shared by the Group of G77 and China.
2. For example, the report states that "there are a number of concerns about growth prospects of developing countries, including the risk of spillovers from developed countries, rising domestic inflation, potential domestic asset price bubbles fuelled by large capital inflows, exchange rate misalignment and commodity price volatility."
3. In this regard, let me recall that in our statement of October 10th we expressed that the continuing financial and economic crisis is negatively affecting the growth prospects of many developing countries, reversing the development trends of the recent past, leading to increased poverty and, because of the limited scope of their economies, and leading to the impossibility to enact the appropriate fiscal measures to mitigate its impacts on development.
4. G77 and China reiterates once more the concerns of the Group 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.
5. The global financial and economic crisis is not over. G77 and China believes that the systemic problems facing the global economy have to be resolved, including through the full accomplishment of the reform of the global financial system and architecture. The Group is deeply worried of additional negative impacts on development, signifying a serious threat to developing countries in the years to come.
6. In such a negative context, we would expect international commitments to be fulfilled. But, as the report puts it forward, despite increases in aid flows to developing countries, aid delivery fell short of commitments and net ODA/GNI ratios of many larger donors remain below the United Nations target of 0.7 per cent. Moreover, global aid delivery also fell and the Group of Eight did not deliver on its promise to increase aid to Africa by \$25 billion (in 2004 prices).
7. The 2010 Millennium Development Goals Summit reiterated the critical importance of fulfilling all ODA commitments and encouraged all donors to establish timetables to reach their goals. Likewise, the Istanbul Programme of Action called upon donor countries to implement their ODA commitments by 2015 and consider further enhancing the resources for least developed countries.
8. Taking in account these facts, the Group reaffirms the need for fulfillment of the donors'

commitment to allocate 0.7 per cent of their GNI to developing countries and requests that, as agreed in the Istanbul Programme of Action, development partners should focus aid to least developed countries on productive capacity development.

9. Furthermore, we call for the predictable and timely disbursement of multilateral resources and official development assistance and for putting an end to the ongoing procyclical conditionalities that curtail the available financial options for developing countries and needlessly exacerbate the financial, economic and developmental challenges. In this regard, we believe that it is extremely important ensuring enough policy and fiscal space for developing countries, in order to allow them to design and implement appropriate development policies and strategies.

10. The Group reaffirms that each country must take primary responsibility for its own development and recognizes that national efforts should be complemented by supportive global programmes, measures and policies aimed at expanding the development opportunities of developing countries, while taking into account national conditions and ensuring respect for national ownership, strategies and sovereignty.

11. G77 and China considers that innovative mechanisms of financing can make a positive contribution in assisting developing countries to mobilize additional resources for financing for development on a stable, predictable and voluntary basis. Such financing should be disbursed in accordance with priorities of developing countries, should neither substitute nor negatively affect the level of traditional sources, and should not unduly burden them.

12. The G77 and China believes that there is a need to strengthen the follow-up to commitments on development cooperation.

Mr. Chairman,

13. The global financial and economic crisis is demonstrating once again the need to urgently mobilize financial resources for liquidity and for developmental purposes. It has also renewed the potential role of SDRs as an important source of financing for development. We believe 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.

14. Furthermore, the report of the Secretary-General stresses that the spillover effects from the European debt crisis and other risk factors, such as volatile energy and food prices and exchange-rate instability, could significantly affect the outlook for debt sustainability in many developing countries and emerging economies. In this regard, it states that the absence of an efficient and fair debt restructuring mechanism makes resolving debt problems an arduous and costly process.

15. The report considers that the practical options going forward to enhance the financial architecture for debt restructuring could be discussed at the United Nations, with the participation of all relevant stakeholders from the official and private sectors.

16. The G77 and China shares this conclusion and underlines the importance of the discussions, including within the United Nations and other appropriate forums, on the need and feasibility of new sovereign debt restructuring and debt resolution mechanisms that take into account the multiple dimensions of debt sustainability and its role on the achievement of the internationally agreed development goals, including the Millennium Development Goals.

Mr. Chairman,

17. On trade, we share the concerns highlighted on the report. In this regard, it states that "since mid-2010 world trade growth has lost steam and the short-term outlook is clouded by a number of significant risk factors, including rising prices for food, energy and other primary products, high levels of unemployment and debt crises in developed economies. As a reaction to economic uncertainties, protectionist measures are on the rise".

18. The Group considers trade to be a vital tool to provide long-term sustainable growth. In order to fully harness the potential of trade, it is important to uphold a universal, rules-based, open, non-discriminatory and equitable multilateral trading system that contributes to growth, sustainable development and employment, particularly for developing countries. In this context, all countries should desist from all protectionist measures, particularly developed countries, affecting developing countries, including agricultural subsidies and non-tariff barriers to trade, and rectify any trade distorting measures already taken. We call for the fulfillment of all commitments contained in the 2005 Hong-Kong Ministerial Declaration of the World Trade Organization in favour of Least Developed Countries.

Mr. Chairman,

19. The G77 and China reaffirms that the United Nations is the organization with the central role and legitimacy to deal with development and related issues, and reiterates that the UN is the appropriate venue to discuss the economic and financial affairs and decide on the best follow-up and alternatives to meet the needs and challenges of the 21st Century. In that regard, we would like to reiterate the central role played by the United Nations as a focal point for the financing for development follow-up process and the need to maintain that role to ensure the continuity and dynamism of the process, while reaffirming the need to further intensify the engagement of all stakeholders, including the United Nations system, the World Bank, the International Monetary Fund and the World Trade Organization, in the follow-up and implementation of the commitments made at Monterrey and Doha.

20. The systemic problems facing the global economy have yet to be resolved. The reform of the global financial architecture is an unfinished business, and all efforts 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.

21. In this regards, the G77 and China stresses again the need for a substantive and comprehensive reform of the international economic and financial system and architecture, including mandates, scope and governance of the Bretton Woods Institutions (BWIs). The reforms must reflect current realities and ensure full voice and participation of developing countries, including LDCs, in the decision making and norm-setting process of the BWIs, in order to address the democratic deficit of these institutions. As we have already stated, we believe that the heads and senior leadership of the international financial institution, particularly the Bretton Woods institutions, should be appointed through open, transparent and merit-based selection processes, with due regard to gender equality and geographical and regional representation

Mr. Chairman,

22. In conclusion, let me recall that the Monterrey Conference of 2002 is clearly an important success of the United Nations in development matters. The G77 and China believes that the Economic and Social Council should continue to strengthen its role in promoting coherence, coordination and cooperation in the implementation of the Monterrey Consensus and the Doha

Declaration and as a forum for multi-stakeholder involvement.

23. We believe it is time to come to a decision to hold a follow-up financing for development conference for 2013; and in this regard we invite the President of the GA to initiate consultations with Member States during the 66th Session of the GA with a view to holding the financing for development review conference in 2013.

24. We are committed to move forward the discussions regarding the follow-up mechanism of financing for development. 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.

25. We take this opportunity to express the importance of the High Level Dialogue on Financing for Development, to contribute to strengthening FFD process, as it will be held in the General Assembly, next December this year.

Mr. Chairman,

26. I would like to emphasize the readiness of the G77 and China to interact constructively and substantively in this process in order to give Financing for Development the importance it deserves.

I thank you.