



STATEMENT ON BEHALF OF THE GROUP OF 77 AND CHINA BY MR. SULTAN AL-MAHMOUD, PERMANENT MISSION OF THE STATE OF QATAR TO THE UNITED NATIONS, ON AGENDA ITEM 83 (B): MACROECONOMIC POLICY QUESTIONS: INTERNATIONAL FINANCIAL SYSTEM AND DEVELOPMENT, AT THE SECOND COMMITTEE FIFTY-NINTH SESSION OF THE GENERAL ASSEMBLY (New York, 12 October 2004)

Mr. Chairman,

The G-77 and China has taken every available opportunity to draw attention to the fact that there is a need to re-think the overall issue of the international financial system in a manner that is consistent with and favor of promoting economic and social development.

The total volume of official development assistance (ODA) still falls far short of development requirements in many developing countries, at levels significantly below the UN's target of 0.7 per cent of gross national income of developed countries. We recognized the efforts of the five countries that have currently achieved, or surpassed that target.

With the adoption of the Monterrey Consensus hopes were high and - as a matter of fact - ODA flows have increased in recent years -from \$52.4 billion in 2001 to \$68.5 billion in 2003. But this amount is still short of the level necessary to achieve the Millennium Development Goals (MDGs). It is clear that present commitments are not sufficient to raise the required level, particularly because the two largest donors have not made any such commitments.

In addition to the need to reduce fiscal deficits in some countries, the widespread desire to reduce taxes and to reduce public expenditures, means that reaching the desired level of ODA will take extra political commitment. Developed countries must make the extra effort to garner political support for increasing budgetary allocations for ODA.

We note the wide range of "innovative" proposals over the years to raise funds for development purposes from other sources or by other means. This should be seen as complementary to official development assistance.

In this context, the G-77 and China noted the report of the Secretary General (A/59/218) where it is recognized that developing countries have taken on board policies and measures to reduce their exposure to external shocks with negative impact on their economies, and as an effective tool to generate additional resources for financing development, along with the recognition that there is a need for the promotion and consolidation of a better international financial governance. In short, the international financial architecture needs to be reformed. The G-77 and China consider that is necessary to promote their effective participation in the decision making process of the international financial institutions. And thereby to strengthen the international dialogue and the work of those institutions as they address the development needs and concerns of these countries

We look forward to the outcomes of the study commissioned to the World Institute for Development Economics Research (WIDER) of the United Nations University on a number of innovative financing proposals, which has involved a number of academics. We urge the Secretary-General to present this study during the present General Assembly. The G-77 and China should be engaged in the ongoing debate.

In this regard, we recognize the efforts and the contributions provided by the initiative of the governments of Brazil, France, Chile and Spain. As a result we now have the in-depth study being conducted by the technical group on new mechanism for the generation of additional sources for the financing of development.

We also consider of utmost importance the discussions at the recent meeting of the Development Committee of the World Bank, as reflected in its Communique of October 2, 2004, and the evolution of the recognition of the need to include a series of alternatives and new concepts and instruments that should favor the allocation of new resources and provide larger degree of flexibilities that could have a positive impact on the overall financial sources of many developing countries.

We also attach special importance to the overall content of the Communique of International Monetary and Financial Committee of the Board of Governors of the International Monetary Fund of October 2, 2004, and in particular the enhancing of international support for low-income countries, as an effort that indeed need to be done in a holistic manner and in a joint effort of the United Nations, the World Bank and the Fund towards the fulfillment of the MDG's.

The Group also attaches great importance to the promotion of the role of the regional commissions and the regional development banks in supporting policy dialogue among countries at the regional level on macroeconomic, financial, trade and development issues.

Mr. Chairman,

The G -77 and China is ready to work with you and our partners in a constructive and positive manner in order to advance the cause of development in a more secure, transparent an well regulated international financial system.

Thank you very much.

