



**ADDRESS BY H.E. AMBASSADOR JOHN WILLIAM ASHE, PERMANENT REPRESENTATIVE OF ANTIGUA AND BARBUDA TO THE UNITED NATIONS AND CHAIRMAN OF THE GROUP OF 77, AT THE 79TH MEETING OF THE MINISTERS OF FINANCE OF THE GROUP OF 24 (Washington, DC, 11 April 2008)**

Mr. Chairman,  
Honorable Ministers,  
Mr. Managing Director of IMF,  
Mr. President of the World Bank,  
Excellencies,  
Ladies and Gentlemen,

1. At the outset, I would like to thank you for inviting me to address this important gathering of the G-24. I would also like to take this opportunity, Mr. Chairman, to acknowledge the important role of the G-24 under your able leadership in dealing with monetary and financial issues.
2. On this important occasion, it is only appropriate to recall that almost three years ago, at the Second South Summit in Doha, our leaders urged the union and coordination of efforts between the Group of 77 (G-77) and the G-24 to seek to achieve the much needed reform of the international financial architecture. We need to strengthen our resolve to ensure that there is meaningful progress in this area. In the face of the looming international financial crisis we need to stand firm in our commitment to ensure that progress made by developing countries towards the achievement of our development objectives is not negated by a continued undemocratic, ineffective or unjust international financial system.
3. At the International Conference on Financing for Development in Monterrey in 2002, leaders from both developed and developing countries made a commitment to match development pledges with resources and action, generating a global agreement in which sustained reform by developing countries would be matched by direct support from the developed world in the form of aid, trade, debt relief and investment. This reinforced, and served as a reminder of the shared responsibility of developed and developing countries in enhancing development, in particular eradicating poverty and achieving the Millennium Development Goals.
4. Despite the progress made by developing countries, commitments to increase resources from developed countries have not been fulfilled. For example:
  - There is a commitment to collaborate on international resource mobilization, but the international financial environment is still not transparent, not stable and not democratic;
  - There is a commitment to collaborate to enhance financial and technical cooperation, but official development assistance (ODA) levels, as a percent of Gross National Income (GNI) of developed countries, which increased in 2002 to 2005, has decreased in 2006 and 2007 despite improved absorptive capacities in developing countries.
  - There is a commitment to collaborate on increasing the coherence and sustainability of international system, but the development efforts from the BWIs, WTO and other international financial institutions remain incoherent;

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5. These three issues should be of particular concern to you as Ministers of Finance and in some cases Planning. The G-24 and the G77 will, however, have to work closely if we are to see progress. Adequate ODA, in quality and quantity, is indispensable to progress in reaching our development targets. Despite promises of an additional \$50 billion in ODA, and some increase in 2005, declining numbers in 2006 and 2007 confirm a negative trend. Moreover, much of the increase in 2005 was to support debt relief, which, under the Monterrey Consensus, should not have been included as ODA. Furthermore, too much ODA is still tied or conditional, leaving little or no policy space for our governments to improve standards of living based on our priorities and objectives.

6. There has been little change in the international economic governance structure. There has been some effort to strengthen ECOSOC through the creation of the Annual Ministerial Review (AMR) and the Development Cooperation Forum (DCF), but the AMR and the DCF have had little operational experience. There has also been an effort to strengthen ECOSOC by expanding its annual meeting with the Bretton Woods Institutions to incorporate the World Trade Organization (WTO) and UNCTAD. However, attendance at these meetings has been below the level envisaged by the Monterrey Consensus, and they occur after and not before the Spring Meetings of the Bank and Fund, so that their outputs do not impact the discussions of the Bank and Fund.

7. The effort to reform the International Financial Architecture has dragged on at different speeds within the IMF and the World Bank. The IMF increased marginally the quotas of four countries in the Singapore meeting, and should be considering further reforms at its Spring meeting. However, as we understand it, the proposals are minimal. They divide developing countries and will not address the fundamental issues of democratizing the institutions and of increasing the voice and participation of developing countries have not been addressed. Furthermore, the heads of the World Bank and IMF will still be appointed by the United States and Europe respectively. The present situation of crisis arising from regulatory and other institutional failures in developed countries means the International Financial Architecture needs to undergo a more substantial, even radical, reform in order to achieve a fair, democratic distribution of power among countries.

8. The Group of 77 reaffirms the urgency of a substantial and fundamental restructuring of the international financial architecture to enhance financing for development and poverty eradication by increasing the voice and participation of developing countries, so as to reflect the changed global economic realities and ensure stability of the overall financial system. We would envisage this issue being addressed in the process to review the Monterrey Consensus. We need to collaborate to that end.

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9. If global poverty is to fall significantly throughout the developing world, global GDP growth must remain at, or exceed, current annual levels of 3.5%, and global economic growth must reach the poorest. It must not just be an average, it must be spread. However, a global economic slowdown that originated in the developed world forecasts a possible recession, falling prices for certain commodities and fluctuations in the international financial markets that threaten to stagnate growth and further marginalize the poorest. The uncertainty of the global economic system has, in fact,

motivated developing economies to amass large amounts of reserves essentially as insurance, much of which has back-flowed to developed countries. In essence, global instability is a menace to the development of the South.

10. Thus, it is also critical for international financial institutions to establish adequate financial strategies for countries that are particularly vulnerable to economic crises, such as countries in Africa, Least Developed Countries (LDCs), Landlocked Developing Countries (LLDCs) and Small Island Developing States (SIDS). The G77 emphasizes the need for fundamental restructuring and upgrading of the international financial infrastructure, including the regulatory and supervisory frameworks, to facilitate a closer examination of potential systemic risks and crises and prevention of devastating consequences to developing countries.

11. In conclusion, fulfilling the commitments made in Monterrey more than six years ago is essential to the achievement of economic growth and sustainable development by all developing countries. That is why the Group of 77 looks forward to utilizing today's important gathering as preparation for the upcoming Follow-up International Conference on Financing for Development to take place in Doha, Qatar towards the end of the year. We hope out of this meeting will come a reinvigorated political will to pursue the much needed reform of the international financial system.

I thank you, Mr. Chairman.