



**STATEMENT ON BEHALF OF THE GROUP OF 77 AND CHINA BY H.E. MR. PETER THOMSON, AMBASSADOR, PERMANENT REPRESENTATIVE OF FIJI TO THE UNITED NATIONS, CHAIR OF THE GROUP OF 77, ON AGENDA ITEM 17 (B): INTERNATIONAL FINANCIAL SYSTEM AND DEVELOPMENT AND ITEM 18: FINANCING FOR DEVELOPMENT, IN THE SECOND COMMITTEE OF THE SIXTY-EIGHTH SESSION OF THE UN GENERAL ASSEMBLY (NEW YORK, 16 OCTOBER 2013) (New York, 16 October 2013)**

Mr. Chairman,

1. I have the honour to deliver this statement on behalf of the Group of 77 and China.
2. I would like to thank the Secretary-General for his reports which set the stage for our deliberation today focusing on international financial system and financing for development.

Mr. Chairman,

3. The ongoing world financial and economic crisis and its impacts on development underscores the importance of a global, universal and integrated response by the international community to address systemic fragilities and imbalances inherent in the international financial institutions (IFIs). This requires serious actions to resolve the structural problems of financial instability and unavailability of liquidity for developing countries in need to generate the necessary sustained growth and development.
4. In this regard we reiterate the importance of implementing the recommendations made by the commission of experts created by the President of the 63rd General Assembly, on the reform of the international financial system, and of continuing in this 68th General Assembly the consideration of the establishment an ad hoc panel of experts on the reform of the international financial system and the impact of the world financial and economic crises. This commission could take taking into account the outcomes of the various related processes, including the role of the United Nations in global economic governance, and on the modalities of the financing for development follow-up process.
5. The capacity of the IFIs to provide liquidity in times of systemic crisis is an important element in ensuring global financial stability. However, a global mechanism for ensuring the swift and sufficient availability of substantial resources to stabilise market conditions in times of systemic liquidity crisis continues to be lacking. In this regard, the Group believes that efforts should focus on enhancing the various layers of the global financial safety net and on strengthening coordination among the mechanisms at different levels.
6. The Group reiterates the need for inclusive, transparent and effective multilateral approaches to managing global challenges, and in this regard reaffirms the central role of the United Nations system in ongoing efforts to find common solutions to such challenges; while providing an intergovernmental forum, including through international conferences and summits, for universal dialogue and consensus on global challenges.
7. The Group also recognizes in this regard the importance and benefits of continuing interaction within the United Nations, in particular the General Assembly and the Economic and Social

Council, and international and regional forums, organizations and groups dealing with global matters of concern to the international community, as appropriate. In this context, the Group underlines the importance of flexible and regular interaction between the United Nations and intergovernmental groupings that make policy recommendations or take policy decisions with global implications, including the Group of 20, and the Group of 15.

8. In the context of structural reform of the IFIs, the Group strongly believe that developing countries must be equitably represented in these institutions and have a strengthened voice in global economic governance. Moreover, it is critically important that the financial sector is transparent and properly regulated to reduce speculative investment so that the capital markets can be mobilised to achieve sustainable development and play a constructive role in the global development agenda.

Mr. Chairman,

9. The ongoing debt crisis has once again highlighted the gaps in the international financial architecture with regard to timely and effective solutions to sovereign debt distress. The Group expresses serious concern that high structural fragilities in financing sovereign debt in some developed economies as a result of transferring private risk to the public sector have contagion impacts on developing countries, which adversely affect their social and economic development.

10. The Group stresses the importance of debt relief, including debt cancellation and debt restructuring. Debt restructuring should reflect the real payment capacity of the indebted country so that it does not compromise national growth perspectives. We also underscore the importance of not allowing venture funds to paralyse the debt-restructuring efforts of developing countries, and that these funds should not supersede a State's right to protect its people under international law. In this regard, we reiterate the call for the international community to urgently examine options for an effective, equitable, durable, independent and development-friendly debt restructuring and international debt resolution mechanism.

Mr. Chairman,

11. The Group of 77 and China shares the concern raised in the Secretary-General' report regarding the decline of Overseas Development Assistance (ODA), which has been falling in real terms for two consecutive years. As we highlighted in the high-level dialogue on Financing for Development two weeks ago, it is ironic that ODA continues to decline when our leaders reaffirmed their commitment last month at the Special Event on MDGs to accelerate progress towards achieving the MDGs by 2015 deadline and look towards elaborating a bold post-2015 development agenda, with poverty eradication and sustainability as its core. ODA will remain crucial, especially for least developed countries that require considerable financing resources in order to meet internationally agreed development goals, including the MDGs. Renewed commitments are needed to reverse the decline in ODA and to increase disbursements accordingly in a timely and predicible manner.

12. The Group of 77 and China reiterates its call for a Follow-up International Conference on Financing for Development to be held before the end of 2015, in order for the conference to contribute meaningfully to the post-2015 development agenda process. The Group underlines GA resolution 67/199 and the decision to hold informal consultations with a view to taking a final decision on the need for a follow-up financing for development conference by 2013, and in this regards urges action on this matter before the end of October 2013.

13. Lastly the Group believes that it is imperative to commence the preparatory process for the follow-up conference, and to this end reiterates its request to the President of the sixty-eighth session of the General Assembly to appoint co-facilitators and to hold open, inclusive and direct intergovernmental consultations, with the participation of all Member States, on all issues related to the conference, including on possible arrangements to strengthen the process, in accordance with paragraph 33 of resolution 67/199, taking into account the recommendations contained in the report of the Secretary-General on modalities of the financing for development follow-up process.

I thank you, Mr. Chairman.

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