



**STATEMENT ON BEHALF OF THE GROUP OF 77 AND CHINA BY THE HONOURABLE DELANO FRANKLYN, MINISTER OF STATE, MINISTRY OF FOREIGN AFFAIRS AND FOREIGN TRADE OF JAMAICA, AT THE HIGH-LEVEL DIALOGUE ON FINANCING FOR DEVELOPMENT (New York, 27 June 2005)**

Mr President  
Secretary-General  
Distinguished Ministers  
Your Excellencies  
Ladies and Gentlemen,

I have the honour of speaking on behalf the Group of 77 and China.

All reports, reviews, analyses and consultations on development since Monterrey lead to one major overall conclusion, namely *the international community is far short of mobilising the level of resources required to finance the level of development envisaged in the development oriented summits and conferences including the Millennium Summit. An unprecedented, multi-dimensional, coherent and focussed thrust will be needed from the High-level Plenary meeting to generate the level and quality of resources in the timeframe, even to meet the Millennium Development Goals.*

We stress that the development challenge as addressed in Monterrey is comprehensive. It includes, but extends well beyond, the achievement of the very important Millennium Development Goals.

Mr President,

The deficit has been in all six areas for action identified in the Monterrey Consensus. Urgent action is therefore required in each area.

### **A. Mobilising Domestic Financial Resources for Development**

The Secretary-General has concluded that “at mid-decade, most developing countries and countries with economies in transition have made significant progress in improving resource mobilisation.” Much of those resources, however, have not been available for investment to meet development objectives for a variety of reasons, including the fact that:

- There is an increasing net transfer of resources from developing countries, as a group, to developed countries and multilateral financial institutions for debt servicing and other payments. These negative transfers which have persisted for the last eight years totalled US\$ 312 billion in 2004;
- Mechanisms for converting savings into long-term investments are under-developed in many developing countries;
- The policy space available to governments to create incentives for private sector, especially small and medium-size enterprises, or to invest in infrastructure is increasingly being constricted by external conditionalities such as the requirement to maintain fiscal balance.

The G77 and China proposes that:

- Emphasis be given to providing developing countries with the required policy space to be innovative, depending on national circumstances;
- The international community devise strategies to reverse and in the shortest possible time, eliminate the net negative flow of resources from developing countries; and
- Coordinated effort be directed to enhancing the capacity of the local business sector to better compete globally.

### **B. International Trade as an engine for development**

Mr President,

The Monterrey Consensus identified trade as an engine for development and in many cases, the single most important external source of development financing. It welcomed the November 2001 decision of the World Trade Organisation (WTO) “to place the needs and interests of developing countries at the heart of its Work Programme” and leaders committed to the implementation of the WTO decisions.

There has been no progress on the substantive issues of interest to developing countries in the Doha Work Programme.

The Heads of State and Government of the G77 and China at their Second South Summit in Qatar on 15 – 16 June 2005, stressed the need for, *inter alia*,:

- the WTO to become a *fair, equitable and rules-based trading system that is inclusive and gives priority to the development dimension*;
- the Trade Ministerial Conference in December 2005 to be charged to create conditions to maximise the benefits of increasing participation of developing countries in international trade; and
- that an integrated and comprehensive international approach be adopted to enhancing the contribution of commodities to development.

### **C. Increasing International Financial and Technical Cooperation for Development**

Mr President,

The Monterrey Consensus urged developed countries to make concrete efforts towards the target of 0.7 percent of GNP to ODA to all developing countries and 0.15 to 0.20 percent to Least Developed Countries.

The declining trend in ODA has been halted and ODA from developed countries increased from a record low of 0.21 percent of GNP in 2002 to 0.25 percent in 2003 and 2004.

However, Mr President:

- An increase of 0.04 percent in ODA after the second year can hardly be defined as substantial;
- No new developed country achieved the target since Monterrey;
- ODA currently includes debt relief, emergency aid and technical assistance which have been increasing; and
- Many developing countries have had to divert significant resources to disaster emergency and recovery activities and to fight against international terrorism since 2002.

Mr President,

There is a sense of an increasing recognition of the need and a momentum to address the resources issue. For example:

- The Secretary-General has made several proposals in his report including the establishment of fixed timetables to achieve the 0.7 percent target; and
- The European Union has recently agreed on timetables for all its older members to reach the target by 2015 with an intermediate target for 2010.

The G77 and China welcomes these initiatives. The Summit has called for developed countries which have not yet done so to set schedules to reach the 0.7 per cent of GNP for all developing countries and the 0.15 to 0.20 percent for Least Developed Countries ahead of 2015 and for the establishment of an effective monitoring mechanism to ensure that the targets and schedules are being met.

Special mention should also be made of the initiative of the Emir of Qatar to launch a Fund for Development and Humanitarian Assistance. This Fund was launched at the recently held Second South Summit.

### **D. External Debt**

Mr President,

The Monterrey Consensus stressed that “sustainable debt financing is an important element for mobilising resources for public and private investment.” It argued that “external debt relief can play a key role in liberating resources that can be directed towards activities consistent with attaining sustainable growth and development.”

There have been several initiatives directed at addressing the debt issue. These have all been partial and often accompanied by conditions which reduced access and their effectiveness.

The G-8 Finance Ministers recently agreed on an approach for dealing with the debt of some highly-indebted developing countries to the multilateral institutions and the Secretary-General has made some important recommendations in his Report. These remain partial solutions.

The Summit of the G77 and China has called for a comprehensive approach to include:

- Cancellation of all debt of the Least Developed Countries;
- Cancellation of the debt of African countries;
- Addressing the debt of low-and middle-income developing countries;
- Relating debt sustainability criteria directly to the financing requirements for achieving the internationally agreed development goals, including the Millennium Development Goals; and
- Linking debt repayment and debt servicing by commodity-dependent developing countries to adverse movements in the process of commodity exports and imports.

#### **E. Addressing Systemic Issues: Enhancing the Coherence and Consistency of the International Monetary, Financial and Trading Systems in support of development**

The Monterrey Consensus recognised “the urgent need to enhance coherence, governance and consistency of the international monetary, financial and trading systems.”

Mr President,

Despite this urgent recognition and increasing meetings involving the UN, the Bretton Woods Institutions, the WTO and the UNCTAD, it is the case that the systems remain incoherent. Actions in one area still often times negate or constrain actions in the others.

The Summit of the G77 and China has called, *inter alia*, for:

- Greater coordination among international institutions and agencies dealing with development, finance, monetary and trade issues to promote coherence in policies with a view to making them more development-oriented;
- Action to deal with issues of global systemic imbalances in areas such as trade, finance, money and technology; and
- Reform of the global financial architecture, including enhancing the voice and participation of developing countries in the decision-making processes of the International Financial Institutions which affect their development options.

I thank you.