



**STATEMENT BY H.E. MR. MOHAMED BENNOUNA, AMBASSADOR,  
PERMANENT REPRESENTATIVE OF THE KINGDOM OF MOROCCO, ON  
BEHALF OF THE GROUP OF 77 AND CHINA, AT THE HIGH-LEVEL  
DIALOGUE FOR THE IMPLEMENTATION OF THE OUTCOME OF THE  
INTERNATIONAL CONFERENCE ON FINANCING FOR DEVELOPMENT (NEW  
YORK, 30 OCTOBER 2003)**

Mr. President,

Financing development is today one of the crucial issues that directly and hugely impacts on development.

Convinced of this principle, the G 77 and China takes this opportunity to underscore the necessity of preserving and reinforcing the Monterrey Consensus through a process of follow-up and gradual implementation of its recommendations.

By defining the main areas of action, the Monterrey Consensus has clearly established the mechanisms conducive to a favourable concerted and efficient financing of development through a global mechanism involving all the concerned parties: namely governments, multilateral organisations, the private sector and NGOs.

Actually, the developing countries consider unanimously that in the field of mobilising national financial resources, the recommendation included in the Monterrey consensus is a valid one, which recognises that each and every country is primarily responsible for its own economic and social development.

In this framework, and well before the adoption by the International Community of the Monterrey Consensus, the developing countries have undertaken bold economic and social reforms aiming at creating favourable macro-economic conditions, promoting an environment conducive to business, private and public investments, and at improving monetary and fiscal policies, etc.

This willingness to reform should be accompanied and supported by the developing countries' partners, as these efforts made by most developing countries take place in a challenging international context, exacerbated, in many cases, by climatic changes, natural disasters and the prevalence of devastating pandemics such as HIV/AIDS and malaria.

The report of the Secretary General on the progress achieved in the implementation of the Monterrey Consensus shows that despite an unfavourable international context, the developing countries have accelerated the reform process.

The Secretary General's assessment also indicates that the commitment of the countries of the South did not benefit from the expected international support. The donor countries and the regional and international financial institutions did not fulfil their respective commitments.

As far as the mobilisation of financial resources is concerned, the G 77 and China remains concerned about the very low rate of capital flow to developing countries despite the efforts they have been making in order to improve the business environment and the legislative and regulatory

framework in a way that integrates requirements for attracting financial flows and particularly direct foreign investments.

On the contrary, we have witnessed during the recent years a worsening of the negative financial flow that reached, according to the Secretary General's estimates, more than 192 billion dollars in 2002.

On the other hand, investments were mainly concentrated in a very limited number of countries. The majority of developing countries did not receive an appropriate share of the investments, equivalent to the capital outflows.

Improving the regulatory framework alone will not lead to capital inflow if it is not accompanied by more dynamic measures, involving source and destination countries, in order to build partnerships at private, public and multilateral levels, as recommended by the Monterrey Consensus.

In relation to the enhancement of international trade, engine of growth and development, as recommended by the Monterrey Consensus, the G 77 and China considers that the Doha Development Agenda is an important step forward, which puts development at the heart of multilateral trade negotiations and lays a good basis for improving the capacities of developing countries, so that they can benefit from their participation in the multilateral trade system.

It is unfortunate, however, to see that if the integration of developing countries in the multilateral trade system is part and parcel of the Doha Agenda, the disappointing outcome of the Cancun Conference did not allow for the implementation of the commitments and principles contained therein.

The G 77 and China will continue to reaffirm with vigour and determination the obligation of the international community and particularly the developed countries to build a consensus that would satisfy the legitimate demands of the developing countries to see a multilateral trade system that is fair, equitable and predictable. In order to reach this goal, it is necessary for the developed countries to make significant progress in implementing their commitments in relation to the opening of their markets to the exports from developing countries through the elimination of customs tariffs and barriers, and the elimination of the subsidies to agriculture, which puts developing countries in a less favourable competitive situation.

Furthermore, it is urgent to implement the decision, contained in the Monterrey Consensus, that aims at reviewing the provisions related to the special and differentiated treatment of developing countries in the trade agreements, in order to enhance the scope of these provisions and to make them more precise, efficient and operational.

As for the enhancement of international financial and technical co-operation, the international community is called upon to redouble its efforts in order to increase the volume of official development assistance, as it constitutes for a number of developing countries and specifically the least developed countries an important financial source for their economic and social policies.

We consider today that the volume of ODA is insufficient to allow for the achievement of the Millennium development goals. The flow of ODA increased in real terms by a mere 5% in 2002 compared to the previous year, and did not reach more than 57 billion dollars, which represents only 0.23 % of GDP. These figures are far below the needs of the developing countries in general and the LDC in particular.

In parallel, the economies of the developing countries continue to suffer from the debt burden,

which prevents them from achieving their economic take-off.

It is widely agreed that a genuine economic take-off cannot take place without giving special attention to the issue of debt in a way that leads to debt relief and its cancellation in the case of the LDCs.

Such a treatment of the debt issue will give the concerned countries the opportunity to optimise the use of their financial resources in enhancing their economic and social policies so as to attain growth and sustainable development and achieve the Millennium development goals.

We welcome the efforts made by the highly indebted low revenue countries in collaboration with the World Bank and IMF in the framework of the highly indebted poor countries initiative. However, out of 42 candidate countries, only 8 have reached the level that will allow them to benefit from the debt relief measures.

The success of this initiative will require a degree of flexibility to help the concerned countries resolve the difficulties they face and fulfil the necessary conditions. The same degree of flexibility is necessary for the treatment of the foreign debt of all developing countries. It is important to tackle the difficulties of these countries and reduce the impact of the instability of the world economy has on their capacities to manage their foreign debt.

As far as the solutions to the systemic problems are concerned, it is evident that the coherence of international monetary, financial and commercial systems that sustain development plays a major role in achieving financial stability world-wide. Reinforcing such coherence will prevent financial crisis and help build an international financial “architecture” that serves all the members of the international community.

In this context, the IMF has a leading role to play to guarantee the stability and equilibrium of the world economy through an efficient monitoring of the macro-economic policies of all countries, and of the industrialised ones in particular, as their policies and economies hugely impact on the world economy in general and on the economies of developing countries in particular.

The integration of developing countries in the world economy requires an easier access for them to foreign financing at favourable conditions. This depends on finding innovative sources of private and public finance for development in order to guarantee more money to developing countries. In this context, The G77 and China once again appeals for the use of special drawing rights allocations for development purposes.

In the field of enhancing the world economic governance, the Monterrey Consensus calls for strengthening the role of developing countries in decision taking and in fixing international standards in the economic area. In this context, the G77 and China supports the efforts made by the World Bank and the IMF to identify ways to enhance the participation of developing countries in the decision-taking process in both institutions.

The G77 and China, however, regrets that no progress has been achieved in tackling measures to review the capital structure and the calculations of assessed contributions in both institutions.

Such measures are the only ones that would allow the contribution of developing countries in the decision taking on issues having repercussions on their economies. We hope that a consensus on this matter will be reached in the near future. We call upon the two institutions to continue to give this issue the attention it deserves.



Mr. President,

The G77 and China considers that the implementation of the recommendation contained in the Monterrey Consensus is an obligation that stems from the letter and spirit of Resolution 270/58 B in which the international community undertakes to find ways and means for an integrated and co-ordinated implementation of and follow-up to the outcomes of the major United Nations Conferences and Summits in the economic and social fields.

In order to tackle the irreversible process of globalisation and interdependence of economies, it is incumbent upon the international community to prepare without delay the necessary conditions for the implementation of its commitments so that the countries of the South can join the globalisation process and benefit from the worldwide liberalisation of the economy.

It is, therefore, necessary to develop an international strategy to finance development that takes into account all financial, monetary and trade aspects as laid down in the Monterrey Consensus.

Such an approach should build upon a number of appropriate and consistent measures to achieve the following aims:

- the promotion and support of international initiatives in the field of capacity-building in developing countries in the area of financial and monetary reforms,
- the increase in ODA,
- the implementation of the undertakings contained in the Doha Development Agenda,
- the enhancement of the coherence of the international monetary and financial policies through the strengthening of the links between the United Nations on the one hand and the BWIs and WTO on the other, while stressing the involvement of UNCTAD and UNDP in this process,
- the promotion of an effective participation of developing countries in the decision-taking of international financial institutions, and the reinforcement of the role of regional financial organisations, in particular those grouping developing countries,
- enhancing international cooperation in fiscal areas in order to combat capital flight, to avoid double taxation, and to support capacity-building in developing countries in areas of reforms, tax collection and management. In this context, it is advisable to raise the level of the international UN Expert Group on Fiscal matters, as recommended by the Secretary General.

The G77 and China considers that the above mentioned measures constitute an appropriate and positive response to the challenges of growth and development. They are also a concrete implementation of principles of partnership, co-responsibility and solidarity that should lead the actions of the international community so as to prepare the necessary conditions for developing countries to avail themselves of sufficient resources to integrate the globalisation process and support their untiring efforts for the progress and well-being of their peoples.

I thank you.