SRI LANKA

Statement

by

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on behalf of the Group of Fifteen (G-15)

at the

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1. I have the honour to deliver this statement on behalf of the Group of Fifteen (G-15), a Summit Level Group of Developing Countries for South-South and North-South cooperation and consultation, comprising 17 member States.* With the promotion of international engagement to foster development through cooperation in all its facets as one of its founding objectives, the Group has consistently recognized during the last decade the following issues regarding Financing for Development:

2. We note that the global financial and economic crisis has vindicated our calls for a comprehensive coherent and transparent restructuring of the international financial architecture. We share the view on the need to take into account lessons learnt from the impacts of the recent financial crisis in developing countries in the frame of increasing the resilience of the world's economy. We call for the intensification of efforts to reform and strengthen the international financial system and its architecture, including an unbiased and effective IMF surveillance of major financial centres and financial markets.

3. We emphasize on the reform and modernization of the Bretton Woods Institutions (BWI), on the basis of a fair and equitable representation of developing countries in order to reflect current realities and enhance the perspective, voice and participation of developing countries, including the poorest. We therefore call for the speedy ratification of the already agreed IMF quota review and completion of all outstanding voice and representation reform in the World Bank Group and for a new quota formula that accurately reflects the relative size of developing countries in the world economy. We also call on their efforts to support developing countries, to take into account the specific conditions and needs as well as the structural constraints they face, while recognizing the importance of international collective action, cooperation and solidarity.

4. Since the BWI should not be seen as the unique source of financing we encourage the promotion of alternative, innovative, democratic and development-oriented financial institutions and frameworks, on the basis of those identified by the various United Nations Conferences on Financing for Development and the World Financial and Economic Crisis.—We further urge all UN member countries to support the full implementation of the follow-up actions and to strengthen the role of the United Nations System in responding to the economic crisis and its impact on financing for development. The aspirations echoed in Monterrey to strengthen the UN leadership in promoting coherence and effectiveness between the World Bank, IMF and WTO remain vital.

5. Therefore, we stress the importance of conducting a review conference in 2013 to assess the progress of implementation of the Monterrey consensus to support a new drive for international partnership for development, taking into consideration the commitment of achieving the MDGs by 2015. Moreover, we emphasize the significant links between mobilization of national and foreign resources for financing for development and aid support to highlight the contribution of the financing for development process in achieving the MDG's.

6. Current economic difficulties coupled with austerity measures and fiscal retrenchment policies implemented by developed countries within the context of the global economic and financial crisis should not constitute an excuse to retract from

commitments to aid developing countries, as many countries did not fulfil them even prior to the crisis. Therefore, we urge donor countries for the timely implementation of their existing bilateral and multilateral official development assistance (ODA) commitments and targets made at major international fora, including the summit of G8 in Gleneagles, to achieve the 0.7 per cent of gross national product (GNP) to aid developing countries by 2015. Furthermore, a permanent follow up mechanism on donor commitments and mutual accountability should be set. Both the donor and recipient countries face the challenges to deliver on aid effectiveness, ensure a more coherent aid architecture, compliment and deepen the existing forms of aid.

7. In this era of global credit crunch, we also encourage the examination of innovative sources of development finance, both short-term and long-term, in particular for LDCs disproportionately affected by the decreased global liquidity. We therefore welcome South-South cooperation initiatives such as the International Finance Facility for Immunization, the India-Brazil-South Africa Fund, the Banco del ALBA, the Chiang Mai Initiative, the Egyptian Fund for Technical Cooperation and support to African countries, and the PetroCaribe Initiative, among others. We acknowledge that these funds should supplement and not be a substitute for traditional sources of finance, and be disbursed in accordance with the priorities of developing countries and not unduly burden them. We call on the international community to consider strengthening current initiatives as well as others from emerging economies involving the transfer of valuable experiences and financial support and explore new proposals, while recognizing their voluntary and complementary nature.

8. In this frame, we acknowledge the long-term implications of the recent financial crisis on the capacity of developing countries to mobilize resources for funding their development strategies. While the LDCs are facing a severe tightening of capital resources, low and middle income countries, that are mainly members of the G-15, are also affected being beyond ODA thresholds. They have had to primarily depend on external trade, FDI as well as bi-lateral and multilateral borrowings from the BWI. At the moment, the recent financial turmoil has also adversely impacted traditional sources of external finance for developing countries such as FDI, export revenues and private portfolio capital flows. We underline the role of trade as an engine for development and underscore the significance of the development mandate of the Doha round of negotiations, and urge rating institutions to take into account the investment opportunities available in developing countries when rating evaluations are carried out.

9. Finally, since the recent financial crisis has the potential to undo the gains made in recent years in relation to the external debt sustainability of developing countries, we call for enacting appropriate fiscal measures to mitigate its impact and engage in development financing through, *inter alia,* additional debt relief measures for highly indebted developing countries. We also stress that debt relief or temporary debt moratorium programmes should not be accompanied by disproportionate conditionality and should fully respond to realities, priorities and needs of recipient countries.