



THE GROUP OF 77

New York
Office of the Chairman

L-016/2010

4 March 2010

Excellencies,

The Group of 77 and China would like to congratulate you on your appointment as Co-Facilitators of the Ad Hoc Open-ended Working Group of the General Assembly to follow up on the issues contained in the Outcome of the Conference on the World Financial and Economic Crisis and Its Impact on Development established in accordance with resolution 63/305 of the General Assembly.

In this context and with reference to your note of 3 February 2010 on the ongoing efforts to search for the best ways to operationalize the outcome of the Conference, I have the honour to forward herewith on behalf of the Group of 77 and China a paper which draws on the action-oriented elements of the outcome document with a view to contributing to its successful operationalization.

The Group of 77 and China believes that these elements could contribute to further the Co-Facilitators' efforts towards fulfilling the mandate of the President of the General Assembly.

The Group of 77 and China attaches great importance to the work of the Ad Hoc Open-ended Working Group and looks forward to working with you on this important topic as a matter of priority.

Please accept, Excellencies, the assurances of my highest consideration.

Abdullah M. Alsaidi
Ambassador and Permanent Representative
of the Republic of Yemen to the UN
Chairman of the Group of 77

H.E. Mr. Lazarous Kapambwe (Co-Facilitator)
Permanent Representative of the Republic of Zambia
to the United Nations

H.E. Mr. Morten Wetland (Co-Facilitator)
Permanent Representative of Norway
to the United Nations

1 March 2010

Group of 77 and China

Ad Hoc Open-ended Working Group of the General Assembly to follow up on the issues contained in the Outcome of the Conference on the World Financial and Economic Crisis and Its Impact on Development

Initial G77/China contribution to the operationalization of the outcome document A/RES/63/303

The Group of 77 and China welcomes the appointment of HE Ambassador Lazarous Kapambwe, Permanent Representative of Zambia to the UN, and H.E. Ambassador Morten Wetland, Permanent Representative of Norway to the UN, the co-facilitators of the Ad Hoc Open-ended Working Group of the General Assembly (OEWG) established in its resolution 63/305 to follow up on issues contained in the outcome document of the Conference on the World Financial and Economic Crisis and Its Impact on Development, to hold a series of discussions to operationalize the outcome of the conference.

For the G77 the process inaugurated by the OEWG is very important to address the impact of the global financial crisis with its wide ranging ramifications, and to promote and strengthen the role of the United Nations system in international economic and financial affairs.

The outcome document of July 2009 reflects a set of decisions which the G77 is particularly keen to operationalize and work with the rest of the UN member states to implement. The following elements of the decisions and agreements contained in the outcome document should guide with urgency the efforts of the working group in order to fulfill its mandate established in article 54 of the outcome document:

1. **Mobilization of additional resources to developing countries, including humanitarian assistance and official development assistance** (paragraphs 14, 16, 22, 24, 28 and 31).
 - a. Mobilize additional resources for social protection, food security and human development through all sources of development finance, including voluntary bilateral contributions
 - b. Explore mechanisms to ensure that adequate resources are provided to developing countries, especially the least developed countries, Small Island developing state and landlocked developing countries, African countries and countries emerging from conflict, as well as middle income countries, to restore strong

growth and recover lost ground in their progress towards the Millennium Development Goals.

- c. Scale up development finance from existing sources, and the establishment of new, voluntary and innovative sources of finance to provide additional stable sources.
- d. The need for all donors to maintain and deliver on their existing bilateral and multilateral Official Development Assistance (ODA) targets including the 0.7 % ODA target
- e. Promoting investments in productive industries through inter alia increase of Foreign Direct investment.

2. Mitigation of the impact of the crisis on the external indebtedness of developing countries (paragraphs 15, 33 and 34).

- a. Recognition of the right of developing countries facing balance of payment difficulties to consider trade defense measures, In accordance with relevant provisions of the WTO, temporary capital restrictions and negotiate temporary debt standstill agreements.
- b. Explore the full use of the existing flexibility within the Debt Sustainability Framework to mitigate the negative effect of the crisis on the indebtedness.
- c. Enhance approaches to the restructuring of sovereign debt based on existing frameworks and principles.
- d. Provision of grants and concessional loans as the preferred modalities for financial support instruments to insure debt sustainability.
- e. Explore the need and feasibility of a more structured framework for international cooperation in this area.

3. Policy space for the implementation of response measures (paragraphs 17, 18 and 20)

- a. Ensure that developing countries have the fiscal flexibility to implement countercyclical measures; support for regional and sub-regional efforts to address the specific localized needs of affected countries.

- b. The elimination of unwarranted procyclical conditionalities, in particular from the IMF that would affect the flexibility to pursue countercyclical measures.

4. The United Nations Role. (paragraphs 1, 2, 11,16, 32, 42, 50, 52).

- a. Strengthening the role of the United Nations and its member states in international economic and financial affairs, including its coordinating role in global economic governance. United Nations funds, programmes and specialized agencies have an important role to play in advancing development and protecting development gains, in accordance with national strategies and priorities.
- b. Promoting greater cooperation between the UN and the international financial institutions, including the early review of the implementation of the cooperation agreement between the UN and BWIs.
- c. Adequate support to the UN development system and operational activities based on national strategies and priorities.

5. Financial and trade protectionism (paragraphs 25 and 26).

- a. Resist protectionist tendencies and rectify any protectionist measures already taken especially in developed countries.
- b. Monitor and report on such protectionist measures, including their effect on developing countries.
- c. Call for an early conclusion of the Doha Round, to encourage international trade as an engine for development.

6. International Reserve System (paragraphs 35 and 36).

- a. The provision of international liquidity through the emission of SDRs, as well as its possible role in promoting development and their role in more efficient global reserve system.
- b. New and existing regional and subregional economic and cooperation initiatives to address, inter alia, the liquidity shortfalls and the short-term balance-of- payment difficulties among its members.

7. Reform of the international financial system and architecture (paragraphs 17, 43, 44, 48 and 49)

- a. Streamlining BWIs conditionalities to insure that developing countries can face financial, economic and development challenges. Importance of the necessary flexibility for countries to implement countercyclical measures and to pursue tailored and targeted responses to the crisis.
- b. Frame flexible, concessional, fast disbursing, and front-loaded assistance packages designed to substantially and quickly assist developing countries facing financing gaps
- c. Urgency of reforming the governance structures of the BWIs, with a view to promoting fair and equitable representation by developing countries and improving transparency and credibility and the appointment of the senior leadership of BWIs through transparent and merit-based selection process.

8. Reform of the financial regulatory and surveillance system
(paragraphs 37, 38, 39, 40 and 41)

- a. Expand the scope of regulation and supervision and making it more effective, with respect to all major financial centers, instruments and actors.
- b. Improvement of early warning system through even handed and effective surveillance by the International Monetary Fund of major financial centers, international capital flows, and financial markets.
- c. Ensure international frameworks for cooperation in tax matters are inclusive. Equal treatment of all jurisdictions and emphasize the need to ensure that all tax jurisdictions and financial centres comply with standards of transparency and regulation.
- d. The issue of international cooperation in tax matters and the role of credit rating agencies are addressed under this section.

9. International migration and development (paragraphs 27 and 52)

- a. Resist unfair and discriminatory treatment of migrant workers and the imposition of unreasonable restrictions on labor migration, in accordance with international and domestic laws, in order to maximize the benefits of international migration.
