



STATEMENT ON BEHALF OF THE GROUP OF 77 AND CHINA BY MR. MAHLATSI MMINELE, DEPUTY PERMANENT REPRESENTATIVE OF THE REPUBLIC OF SOUTH AFRICA TO THE UNITED NATIONS, CHAIR OF THE GROUP OF 77, AT THE FfD FIRST DRAFTING SESSION (New York, 28 January 2015)

Co-Facilitators

At the outset let me thank the Co-Facilitators for a substantive Elements-Paper which in their own words they explained that “the elements there-in are no means exhaustive but intended to stimulate further thinking on the main challenges and the most transformative ideas to address them”.

Co-Facilitators rest assured that the Group of 77 and China will actively and constructively participate in this process. It has been a long wait for our Group for this Third International Conference to take place given that the last one was held in Doha in 2008.

Co-Facilitators

The Group of 77 and China concurs that the financing needs for sustainable development are enormous particularly in developing countries. Hence our untiring efforts towards eradicating poverty remain of paramount importance.

Co-Facilitators

In response to your letter of 21 January 2015, the Group of 77 and China would like to submit the following preliminary thinking on your elements, which the Group had also found to be open-ended:

Whilst the intergovernmental negotiated outcomes of the FfD process will have a primary role as inputs on the road to Addis Ababa, the Group also takes note of the value and importance of the Report of the Intergovernmental Committee of Experts on Sustainable Development Financing as well as the Synthesis Report of the Secretary-General.

In terms of **structure**, the Group of 77 and China notes that the proposed structure by the Co-Facilitators expands that of Monterrey Consensus. For example, Private Finance has been emphasised and has a Chapter devoted to it on its own; International Public Finance – one Chapter of Monterrey Consensus has been split into two; and the addition of Technology, Knowledge and Capacity Building as a stand-alone Chapter. The Group of 77 and China maintains its position that the structure of the Monterrey Consensus be the basis for the development of an Outcome Document for the Third International Conference.

## Co-Facilitators

When it comes to elements, the Group maintains that Financing for Development (FfD) in general terms shall remain the conceptual framework for the mobilization of resources. It shall remain an independent process.

**Domestic Public Finance** needs an enabling international environment in our common pursuit of growth, poverty eradication and sustainable development. While there is increasing recognition of the central role of tax systems in development, there is still no global, inclusive norm-setting body for international tax cooperation at the intergovernmental level. There is also not enough focus on the development dimension of these issues. This should be one of the key deliverables in the Addis Ababa Outcome Document.

Whilst the Group of 77 and China acknowledges private finance support to sustainable development, it remains the Group's submission that **public funding** should always take precedence over **private financing**. These two concepts cannot be put on equal footing. Private finances are profit driven. The balance between the Domestic and International Financing should be maintained as reflected in the Monterrey Consensus Document.

For **International Public Finance**, ODA will always remain relevant and political in nature in leveraging and sustaining financing for development in developing countries. A new phase of international cooperation through a strengthened and scaled-up global partnership for development based on quantified and time-bound targets consistent with MDG8 and in accordance with the principle of common but

differentiated responsibilities is urgently required. South-South and Triangular Cooperation will remain relevant as a complement to North-South cooperation.

**Trade** will remain an engine for development and should be at the heart of FfD for developing countries. This will always be elusive to the G77 and China as long as a universal, rule-based, open, non-discriminatory and equitable multilateral trading system is not agreed upon. This should also be one of the key deliverables in the Addis Ababa Outcome Document.

Co-Facilitators, we recognized that you seek to expand the Monterrey Consensus by adding **technology, knowledge and capacity building** as key drivers in the eradication of poverty. This should not affect the discussion on the same issues in the Intergovernmental negotiation process of the Post-2015 Development Agenda. However, disparities between the developed and the developing nations on these elements are so immense that any possibility of an attempt to close them will be gladly welcomed by the Group of 77 and China.

The Group of 77 and China concurs with you that **sustainable debt financing** is an important element for mobilizing resources for growth and development. Hence the Group is eagerly awaiting the Ad Hoc Committee on Debt Restructuring Mechanism to start its work in ensuring that the Multilateral legal framework is established as a matter of urgency.

Important regulatory financial reforms are important so to avert future crises similar to the 2008 world financial crisis triggered in the developed economies which, even today, continues to have adverse effects on small and developing economies of the South. In general terms, developing countries should be supported by an enabling international environment, which includes a supportive and just economic and financial international system where the rules are fair and pro-development. The need to address the following **Systemic issues** within the FfD process is therefore pertinent:

- To continue to reform the international financial system.
- To increase the representation and voice of developing countries.
- To promote regional economic integration.
- To relieve the debt of developing countries.

- To ensure easier market access and investment opportunities for developing countries.
- To prioritize on providing financing services to developing countries; and
- To support the capacity building of developing countries.

**Monitoring, data and follow-up** is also a new element and not captured in the Monterrey Consensus, nor the Doha Declaration. The group is mindful of the fact that this element may have been highlighted in other processes but may need more intergovernmental engagement especially on the role of non-State actors.

### Co-Facilitators

In Conclusion, your indicative set of elements which you had provided by way of “food for thought” make unclear relationships between the FfD process and other ongoing processes which deal specifically with issues of climate change under the UNFCCC, trade issues under the WTO, Technology Transfer Mechanism, and debt sustainability. The Group of 77 and China will much appreciate receiving clarity on how much these issues will be relevant to the FfD process? How much will be covered under the SDGs process without duplication and encroaching on mandates of specific institutions dealing with these particular issues?

In operational terms, the linkages between FfD and the Means of Implementation should come out clearly as we build synergies with the post-2015 development agenda.

The element of monitoring, data and follow-up, envisaged in the FfD Process as proposed by your Elements-Paper has also been proposed in the SDGs process. How different will the institutional set-up be in the two processes? Do you see Member States using the same mechanism to follow-up implementation of both FfD and SDGs?

Finally, the Group’s concern is that the net effect of not sticking to the structure of Monterrey is to dilute the mandate and legacy of Monterrey and lower the level of ambition by shifting the focus of the Third International Conference on Financing for Development away from its primary purpose, which is to assess implementation of existing commitments made on financing for development in the context of the global partnership for development.

I Thank You.