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Chair: Mr. Amorín . . . . (Uruguay)
later: Mr. Abudu-Birresborn . . . . (Ghana)

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23-18862 (E)

The meeting was called to order at 10.05 a.m.

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Agenda item 17: Follow-up to and implementation of the outcomes of the International Conferences on Financing for Development (A/78/190 and A/78/93-E/2023/90)

1. **Ms. Shirotori** (Acting Director, Division on International Trade and Commodities, United Nations Conference on Trade and Development (UNCTAD)), introducing the report of the Secretary-General on international trade and development 2023 (A/78/230), said that there were three areas in which trade could help solve the triple planetary crisis of climate change, pollution and biodiversity loss: international and regional trade collaboration in support of energy transition; coherence between national environmental actions and the multilateral trading rules of the World Trade Organization (WTO); and ways to enable developing countries to capture new economic opportunities in the trade and environmental sphere.

2. Since March 2022, there had been a rapid increase in imports and exports of "environmental goods", namely, goods used in renewable energy production, or water management and treatment, and products to improve resource and energy efficiency. The market was heavily concentrated among the top five exporters, however, which could exacerbate anti-competitive practices that were particularly harmful to developing countries. The Secretary-General had called for action to reduce that market concentration and increase the participation of developing countries in renewable energy supply chains, including by leveraging South-South, regional and interregional trade agreements to increase the supply of environmental goods for sustainable energy transition.

3. In the past several years, WTO members had intensified discussions on whether multilateral trade rules should be updated to respond to environmental challenges. Tensions were emerging among WTO members, as leading exporters of environmental goods and services were adopting green industrialization policies that included subsidies for the local production of such goods and local environmental technology innovation, which most developing countries could not afford to match. Coherence between environmental and trade policies could be achieved by mainstreaming trade actions in country strategies for implementing nationally determined contributions for net-zero emissions. At the global level, there was an urgent need to achieve coherence between the multilateral environmental agreements and the multilateral trade rules concerning, for example, the treatment of the principle of common but differentiated responsibilities for technology transfer in multilateral trade discussions.

4. Critical minerals that were essential to energy transition, such as lithium, nickel and cobalt, could enable developing countries to capture new economic opportunities in the trade and environmental sphere. Demand for such minerals had surged and would likely continue to increase. Immediate policy responses from the international community were needed to prevent supply deficits, high price volatility and inequitable benefit-sharing. Many commodities-dependent countries had deposits of such minerals, but needed more processing capacity to move up the value chain, which required increased investment for a sustainable structural transformation, including investment in technology related to the energy transition. Urgent action was also required to ensure that mineral-rich developing countries leveraged the structural transformation opportunities offered by the increased demand for critical minerals while helping fossil fuel-exporting countries avoid the risk of stranded assets as the target of net-zero greenhouse gas emissions by 2050 approached.

5. Introducing the report of the Secretary-General on world commodity trends and prospects (A/78/231), she said that ongoing geopolitical and economic uncertainty had resulted in volatile commodity prices in 2022 and early 2023, a trend that was likely to continue. Price movements in all commodities had been driven primarily by supply and demand factors associated with

the war in Ukraine, fears of a global economic slowdown and monetary tightening in the face of widespread inflationary pressures. Both commodity export- and import-dependent countries had been negatively affected, especially net food and fuel importers in Africa, the least developed countries and other developing regions.

6. There was a need to build more resilient and diversified food systems by diversifying food import sources, boosting market links in national and regional food supply chains through regional partnerships, and increasing investment in the agricultural sector. In that regard, the Committee might wish to consider mandating work on supporting net food importers through multilateral actions and international cooperation. To help developing countries move up commodities value chains, the Committee might also wish to mandate work on supporting local value addition within developing countries to build diversified, sustainable and resilient supply chains of critical minerals.

7. **Mr. Hashmi** (President of the Trade and Development Board, United Nations Conference on Trade and Development (UNCTAD)), introducing the reports of the Trade and Development Board on its seventy-third executive session (A/78/15 (Part I)) and on its seventieth session (A/78/15 (Part II)), said that the intergovernmental work of UNCTAD, since its fifteenth session, had been underpinned by a commitment to realize the four transformations outlined in the Bridgetown Covenant for a more resilient, digital and inclusive world of shared prosperity: transforming economies through diversification; transforming to a more sustainable and more resilient economy; transforming how development was financed; and transforming multilateralism.

8. At the seventy-third executive session of the Trade and Development Board, held in February 2023, members had adopted conclusions on *The Least Developed Countries Report 2022: The Low-carbon Transition and its Daunting Implications for Structural Transformation* that highlighted the disproportionate vulnerability of the least developed countries to climate-related disasters, the unintended damage that policy instruments for environmental purposes could have on international trade, and the structural transformation and economic diversification of developing countries, especially the least developed countries. Board members had also recognized that green structural transformation should reconcile the long-standing objectives of progress towards higher productivity and higher value added with emergence from the commodity-dependence trap.

9. At that same session, the Board had also considered the *Trade and Development Report 2022: Development Prospects in a Fractured World – Global Disorder and Regional Responses*, which contained recommendations on reforming the international framework for dealing with debt and liquidity access, including a recommendation against monetary tightening, which posed a risk to both the real economy and the financial sector. Given the high leverage of non-financial businesses, rising borrowing costs could cause a steep increase in non-performing loans and trigger a cascade of bankruptcies. Regional integration could support the design of trade platforms based on better and fairer rules.

10. At its seventieth session, in June 2023, the Board had adopted conclusions on the productive capacities index. Building, maintaining and utilizing productive capacities was the only route to long-lasting development. Productive capacities were the essential economic inputs that enabled countries to manufacture a wide range of increasingly sophisticated goods and deliver services. Developing such capacities was vital in the least developed countries to help them shift away from labour- and resource-intensive manufacturing to more technology-intensive and higher-skilled manufacturing.

11. The Board had also adopted the May 2023 recommendations of the Intergovernmental Group of Experts on E-commerce and the Digital Economy, in which the Group had called on Governments and other stakeholders to collaborate on inclusive global governance of data, considering both economic and non-economic implications, and had noted the ongoing consultations on the global digital compact in New York and elsewhere.

12. The transformative mission of UNCTAD was more relevant than ever, which called for bridging the Atlantic gap. UNCTAD had the convening power to bring together the various economic international organizations in Geneva and draw on that work to contribute to the work of the Second Committee. One area for exploration was how the Committee and the Board could interact more intensively, perhaps beginning with contacts between the bureaus of the two bodies.

13. **Mr. Mukherjee** (Director of the Economic Analysis and Policy Division, Department of Economic and Social Affairs), introducing the report of the Secretary-General on unilateral economic measures as a means of political and economic coercion against developing countries (A/78/506), said that the number of unilateral economic measures had risen by nearly 10

per cent since the previous report (A/76/310) and the highest number during any two-year period in a decade of monitoring. In particular, there had been a rise in the number of targeted unilateral measures imposing restrictions on selected individuals and enterprises in identified States and, in some cases, individuals and enterprises in third States that had commercial transactions with the targeted States.

14. In response to a survey on unilateral coercive measures, some Member States had deemed unilateral economic measures admissible in certain circumstances, but most had indicated that such measures should not be imposed, as they were inconsistent with the principles of the Charter of the United Nations and contravened international law, as well as the freedom of international trade, navigation and finance. Countries affected by such measures had reported that they could lead to severe humanitarian consequences and curtail vital economic sectors, including through overcompliance, with the most vulnerable segments of the population suffering the most.

15. Several United Nations bodies had also reported detrimental impacts of unilateral coercive measures in affected countries. For example, the Office of the United Nations High Commissioner for Human Rights had reported that such measures could have unintended adverse impacts on human rights. Similarly, the Economic Commission for Latin America and the Caribbean and the Economic and Social Commission for Western Asia had both reported that such measures had persistent socioeconomic costs in the affected countries in their respective regions.

16. **Ms. Spiegel** (Chief, Policy Analysis and Development Branch, Financing for Sustainable Development Office, Department of Economic and Social Affairs), introducing the report of the Secretary-General on the promotion of inclusive and effective international tax cooperation at the United Nations (A/78/235), said that enhancing the role of the United Nations in setting international tax rules might be the most viable path forward.

17. The first option that Member States might consider, moving forward, was a multilateral convention on tax, which would be "regulatory" in nature and set out a broad range of enforceable obligations. Such a convention had the potential to provide a sound structure for international tax cooperation but also required strong political commitment and agreement on substance. The second option was a framework convention on international tax cooperation, which would only establish common objectives and broad commitments, along with a general system of governance. Regulation of specific issues would be covered under protocols, which could be decided at a later date. For both options, the next step would be for the General Assembly to establish an intergovernmental ad hoc expert advisory group to prepare draft terms of reference for negotiating a convention, which would be presented at the Assembly's next session. If the Assembly agreed on the terms of reference, it could establish an intergovernmental ad hoc committee to negotiate the convention.

18. The third option was a framework for international tax cooperation, which would provide a non-legally binding agenda for coordinated actions for improving tax cooperation, akin to the Sendai Framework for Disaster Risk Reduction 2015–2030. Such a framework would create a platform for discussion and coordination but would not include binding commitments, which might limit its effectiveness. For that option, the General Assembly could establish an intergovernmental ad hoc expert group with a defined time frame, which would serve as a preparatory committee in advance of the high-level, subject-matter conference from which a framework would typically emerge.

19. Introducing the report of the Secretary-General on international coordination and cooperation to combat illicit financial flows (A/78/186), she said that large volumes of resources continued to be lost due to corruption, tax avoidance and tax evasion. In the past year, the United Nations Office on Drugs and Crime had published new data on the volume of assets frozen, seized, confiscated and returned in relation to corruption offences. In February 2023, the Financial Action Task Force had decided to amend the beneficial ownership standards related to legal vehicles, but did not mandate a registry approach. Consequently, legal vehicles such as financial trusts were covered by less stringent standards than those applying to legal entities such as corporations, which could create tax loopholes. There was a need to improve data, as well as access to and use of data. Information should be more widely available, while still respecting privacy rights. The Committee might wish to consider mechanisms, such as non-reciprocal automatic tax information provision, to increase the availability of information to developing countries. In addition, better beneficial ownership information on all legal vehicles was needed.

20. Business regulatory practices for professions that enabled illicit financial flows were not consistent across countries, which provided an incentive for actors seeking to facilitate and profit from such flows. In 2022, the General Assembly had invited United Nations departments and offices to jointly prepare a global mapping of existing business regulatory policies,

standards and guidelines, but no resources had been dedicated to that task. Member States could mandate work on the matter if there was interest in moving forward more quickly. There was also an absence of political coordination across the three different aspects of illicit financial flows: tax cooperation, combating money-laundering and combating corruption. Those aspects could be addressed through a United Nations-based mechanism.

21. Introducing the report of the Secretary-General on the international financial system and development (A/78/178), she said that it was commonly agreed that the global financial system was not delivering financial stability, nor was it providing resources to the right places for achieving the Sustainable Development Goals. Global shocks and the rapid rise in interest rates had increased financial market risks in developed countries while exacerbating debt vulnerabilities and contributing to rising debt risks and debt service burdens. In 2022, 25 developing countries had dedicated more than a fifth of their total revenues towards servicing external public debt. There were two issues to address: the lack of fiscal space and the inability to invest in development and sustainable development; and whether there was an effective and efficient way to enable countries to restructure their debt when they experienced debt distress.

22. Multilateral development banks were making progress on reforms that would enable them to scale up financing for the Goals, although probably not fast enough for countries unable to invest in them. The World Bank had formulated proposals for enhancing its mission, operating model, and financial model and capacity. She noted that, since the issuance of the report, a summary paper for the Joint World Bank/International Monetary Fund (IMF) Development Committee had not explicitly included the Goals in the Bank's mandate. At the 2023 High-level Dialogue on Financing for Development, the President of the World Bank had outlined efforts to stretch the Bank's balance sheet, including through a hybrid capital instrument and new uses of callable capital, and had noted for the first time the exploration of the use of special drawing rights (SDRs). In September 2023, the Asian Development Bank had approved capital management reforms that would unlock $100 billion in new funding capacity over the next decade. The African Development Bank (AfDB), jointly with the Inter-American Development Bank, had proposed allowing countries to provide their SDRs as hybrid capital, which could then be leveraged to provide long-term financing. At the end of July 2023, the first hybrid capital issuance of AfDB had received an AA rating from S&P Global Ratings, the highest possible rating for that type of asset.

23. The Secretary-General had called for a Sustainable Development Goal stimulus to provide relief for countries in need, as well as more long-term reforms to address weaknesses and gaps in the financial architecture, including by increasing the capacity of multilateral development banks. More work was needed on determining the best way to measure the sustainable development impact of lending. The global financial safety net needed to be strengthened further and made fit for purpose. The Secretary-General had also been calling for commitments to rechannel an additional $100 billion of unused SDRs to developing countries, including through multilateral development banks. Reforms of the governance of international financial institutions should include strengthening the voice and representation of developing countries.

24. Introducing the report of the Secretary-General on the follow-up to and implementation of the outcomes of the International Conferences on Financing for Development (A/78/190), she said that the ongoing global sustainable development divide, if left unaddressed, could become a lasting one. There was general agreement that the international financial architecture and global economic governance were not designed to address long-term trends such as the rise in systemic risks, including those related to climate and health, the underprovision of global public goods, and growing risks of geopolitical fragmentation. The United Nations could also bring together different elements of Governments, such as those focused on foreign affairs, finance, development cooperation and the environment, which was particularly important since finance and political issues were more linked than ever.

25. Several key questions and challenges in each of the action areas of the Addis Ababa Action Agenda of the Third International Conference on Financing for Development could be addressed by convening the fourth International Conference on Financing for Development in 2025. It would be expected to address issues that were politically challenging but that also had a technical aspect. Resolving them would depend on a preparatory process that engaged experts from capitals early and in a sustained manner. The Committee might also wish to reach consensus on the main focus of such a conference.

26. **Ms. Hawkins** (Acting Director, Debt and Development Finance Branch, United Nations Conference on Trade and Development (UNCTAD)), introducing the report prepared by the secretariat of UNCTAD on external debt sustainability and

development (A/78/229), said that the external debt stock of developing countries had risen by 15.7 per cent since the end of 2019, and was estimated to have reached $11.4 trillion by the end of 2022. Low-income and lower middle-income countries had borne the brunt of the pain. In low-income countries, 10.5 per cent of government revenues and 22 per cent of export revenues went to servicing debt, a greater burden than before the launch of the Highly Indebted Poor Countries Initiative. Progress towards the Sustainable Development Goals was slipping away in sub-Saharan Africa, where countries were paying on average more than 18 per cent of government revenues to service their public and publicly guaranteed debt. There were 3.3 billion people living in countries where the interest payments on debt alone exceeded government expenditure on education or health.

27. A lower share of official development assistance (ODA) was being received by developing countries each year, and a significant proportion of those funds was being used for refugees and administrative costs. Private creditors, which offered non-concessional rates that were subject to market increases, were playing a larger role in lower-middle-income countries. Furthermore, the share of official bilateral debt held by the Paris Club of Industrial Country Creditors had declined, and currently comprised only 8 per cent of the external debt of low-income countries. Developing countries needed access to more grants and concessional finance. Multilateral development banks had an essential role to play, whether through rechannelling SDRs, more effective use of capital, or recapitalization.

28. A bolder multilateral response was required to avoid a systemic debt crisis in the developing world, address the existing development crisis and ensure that the current international financial architecture became fit for purpose. IMF should suspend its policy on surcharge interest rates, which had risen dramatically and effectively penalized the countries that were most reliant on it. Cumulative interest payments to IMF by 16 countries that were subject to surcharges were projected to increase by $36 billion, to $43.9 billion by 2030.

29. In addition, weaknesses in the Common Framework for Debt Treatments beyond the Debt Service Suspension Initiative needed to be addressed. The Framework lacked an automatic debt standstill, which would motivate creditors to engage meaningfully with debtor countries, and timelines were needed to guide and complete the process. In the absence of a multilateral debt relief mechanism, all developing countries in distress should have recourse to the Framework process, which would also benefit from the incentivization of private creditor participation on a comparable basis. Over the longer term, the debt sustainability analyses conducted by IMF needed to be revised, since they typically failed to restore economic sustainability the first time around.

30. **Mr. Nastav** (Acting Chief of Statistical Analysis, United Nations Conference on Trade and Development (UNCTAD)), speaking via video link, introduced the key messages of the 2023 edition of the *Sustainable Development Goals Pulse* report, on the promotion of international cooperation to combat illicit financial flows. He said that pilot testing had been carried out in 22 countries following endorsement by the Statistical Commission in 2022 of the Conceptual Framework for the Statistical Measurement of Illicit Financial Flows. As a result of collaboration between UNCTAD and the United Nations Office on Drugs and Crime (the co-custodians of indicator 16.4.1, on illicit financial flows) and the regional commissions, the first estimates of flows had been reported to the Global Sustainable Development Goal Indicators Database in 2023. The pilot had shown that illicit financial flows could be estimated using globally agreed concepts and internationally comparable methods, which enhanced national authorities' capacity to track and curb illicit finance.

31. At the midpoint of the 2030 Agenda for Sustainable Development, there was high demand for capacity development support to measure illicit financial flows, which slipped through the cracks of the official economy while the gap in financing for sustainable development was growing. Although the means, concepts and tools existed to provide support, including through collaboration across the United Nations system and with partners, there were no dedicated regular resources to meet demand. Enhanced data had made it possible not only to understand better the mechanisms and behaviours of illicit financial flows and curb them more efficiently, but also to improve national authorities' efforts to track illicit finance by, for example, establishing new inter-agency working groups, holding bilateral trade meetings with key partner countries and identifying high-risk areas.

32. Although the Global Sustainable Development Goal Indicators Database was sparsely populated for indicator 16.4.1, support had been given to countries to improve skills, share experiences and promote consistent approaches to measuring illicit financial flows using globally agreed concepts and tested methodologies. For example, a United Nations Development Account project had been launched in 2023 to conduct new pilot tests and boost capacities in up to nine countries. Overall, however, Member States' demands for illicit finance to be addressed through more

targeted and effective policy responses remained unmet. In an independent evaluation of a previous project in Africa, it had been found that, although the project had been fully aligned with the 2030 Agenda and had enhanced statistical capacities in several countries, Development Account projects alone could not reach enough countries to generalize and sustain the use of estimation methodologies in the context of the 2030 Agenda. It had therefore been recommended that UNCTAD set up a global data reporting mechanism under its regular programme and budget, and a survey had been launched in 2023 to understand global needs for capacity support.

33. In conclusion, urgent efforts were necessary to track illicit financial flows, enable a more effective response and redirect funds to support development. The Committee should encourage the provision of coordinated support to national authorities and consider enhancing United Nations efforts to respond to Member States' requests.

34. **Mr. Bolwijn** (Head of Investment Research, Investment and Enterprise Division, United Nations Conference on Trade and Development (UNCTAD)), speaking via video link, said that the *World Investment Report 2023* had revealed that, owing to underinvestment and ongoing global challenges, the Sustainable Development Goals investment gap for developing countries had risen from approximately $2.5 trillion annually in 2015 to approximately $4 trillion annually in 2023. About $2.2 trillion of the current gap was related to the energy transition, while the rest concerned sectors such as infrastructure, water and sanitation, agriculture, health and education. Investment in agriculture was in fact lower that it had been in 2015, and investment in renewable energy, despite having tripled since then, had mostly occurred in developed countries. Over the same period, investment growth in renewable energy in developing countries had barely exceeded gross domestic product (GDP) growth, and 31 countries, mostly the least developed countries, had attracted no utility-scale international investment in renewable energy.

35. The market for sustainable financing products, however, was booming, having risen to approximately $6 trillion, although much of that amount had not been allocated to the right countries or sectors. To make environmental, social and governance funds, green bonds and other sustainable financing products more effective, it was necessary to promote action in global financial markets, sustainable reporting, climate disclosures, sustainable stock exchanges and international standards for accounting, and to ensure that institutional investors channelled more funds to developing countries. In the case of the energy transition, the biggest obstacle had been the cost of capital, since the up-front investment was so large. De-risking support was needed, as were partnerships with multilateral development banks. Partnerships with institutional investors alone could reduce the cost of capital by 10 per cent, whereas partnerships with multilateral development banks, local governments and institutional investors could reduce it by 40 per cent. Although many countries had had negative experiences with public-private partnerships, they needed to be seen as effective tools for development. For infrastructure projects, which required considerable technical and regulatory preparation, better support was needed to help countries to design projects and present them to institutional investors.

36. **The Chair** invited the Committee to engage in a general discussion on the items.

37. **Ms. Elsaeed** (Egypt) asked whether the current external debt situation was similar to the one that had existed when the Highly Indebted Poor Countries Initiative had been put in place in 1996, and requested further information on the recommendations on IMF surcharges and debt sustainability analysis.

38. **Mr. Nishigori** (Japan) said that the analysis of the Organisation for Economic Co-operation and Development (OECD) Inclusive Framework on Base Erosion and Profit Shifting and the Global Forum on Transparency and Exchange of Information for Tax Purposes had not been accurately represented in the report on the promotion of inclusive and effective international tax cooperation at the United Nations (A/78/235), nor had the input submitted for the report by Japan. In terms of the Committee's agenda, instead of pursuing the establishment of an intergovernmental discussion framework with a preconceived conclusion, his delegation looked forward to an alternative and more constructive outcome involving a thorough re-evaluation of the existing framework for international taxation to provide a solid foundation for decisions and for deliberations on the future direction.

39. **Ms. Hawkins** (Acting Director, Debt and Development Finance Branch, United Nations Conference on Trade and Development (UNCTAD)) said that, in the late 1990s, there had been general agreement on how to deal with highly indebted poor countries, but now the assessment of the situation depended on how it was measured: although the external debt servicing rate for all countries was lower than when the Highly Indebted Poor Countries Initiative had been launched, it had risen for low-income countries. Considered from the perspective of a development

crisis, therefore, the world was in a precarious position, with interest rate expenditure higher than spending on education and health. It was important to note, however, that, compared with the late 1990s, there was now a greater understanding of the demands for a climate transition and of development requirements and their associated costs. With the financing gap to achieve the Sustainable Development Goals wider than ever, the possibility of a systemic debt crisis was a real concern.

40. The IMF surcharges were a case of unintended consequences, because the fixed rates and the rates linked to SDRs per currency unit had been set when global interest rates had been exceptionally low. According to its Articles of Agreement, IMF had been established to address balance of payments problems without resorting to measures destructive of national or international prosperity – a category into which the surcharges fell. While the debt sustainability analysis was often seen as the prerogative of IMF, it was in fact the IMF member countries that had the primary responsibility for selecting, designing and implementing policies. It was therefore the prerogative of those member countries and of the United Nations to engage in a discussion on the analysis.

41. **Ms. Spiegel** (Chief, Policy Analysis and Development Branch, Financing for Sustainable Development Office, Department of Economic and Social Affairs) said that, although it was difficult to make comparisons with the situation when the Highly Indebted Poor Countries Initiative had been launched, IMF had recently warned that, if current trends continued, the situation would be similar. One of the largest costs of debt restructuring resulted from the slowness of the response, and if a debt crisis was currently looming, it was imperative not to delay the response. Furthermore, it was necessary to rethink the approach to debt crises because, although the Initiative had had a considerable impact, it was a one-off process, not a systemic change and, while the Common Framework for Debt Treatments beyond the Debt Service Suspension Initiative had been a structural, systemic change, it had not been effective enough.

42. In response to the comments made by the representative of Japan, she said that the purpose of the report on the promotion of inclusive and effective international tax cooperation at the United Nations (A/78/235) had not been to evaluate all tax cooperation work and its impacts, but to focus on inclusiveness and efficiency, while also noting the differing views submitted by Member States. No inaccuracies had been identified by OECD, but delegations were welcome to notify the Secretariat of any specific issues or inconsistencies. With regard to the framework convention on international tax cooperation, the report had been prepared in response to the request made by the General Assembly in its resolution 77/244. The *Financing for Sustainable Development Report 2023* had also laid out the structure of international tax cooperation.

43. **Ms. Torres Seara** (Cuba), speaking on behalf of the Group of 77 and China, called for urgent action, rather than empty promises and speeches, to address the ongoing crises that had exacerbated existing challenges for developing countries. She said that it was necessary to reform the international financial architecture because the action needed by developing countries extended beyond the capacities of existing multilateral and international financial institutions such as IMF and the World Bank. The sixteenth general review of IMF quotas provided an opportunity to strengthen the voice and representation of developing countries, in accordance with the Addis Ababa Action Agenda, because the international financial system could not be inclusive while the largest developed economies continued to hold de facto powers in decision-making bodies. The regressive, procyclical character of the IMF surcharge policy was also in urgent need of review. It was therefore important for the United Nations to continue to serve as a universal, inclusive and legitimate forum for advancing reforms of the international financial architecture.

44. In 2022, 25 developing countries had used more than one fifth of their total revenue to service external public debt, constraining their ability to invest in the post-pandemic recovery and in sustainable development and increasing the risk of future debt crises. Improving the global sovereign debt architecture with the meaningful participation of developing countries must therefore not be postponed any longer.

45. Since financing for development was key to implementing the Sustainable Development Goals, developed countries needed to fulfil their unmet ODA commitments and should not use the current crises as an excuse to slow down or renege on their obligations. In addition, unused SDRs must be rechannelled voluntarily and new SDRs allocated, and mechanisms should be established to enable smoother, more automated processes for issuing or rechannelling SDRs. Previously, it had taken IMF 11 months to agree on a new SDR issuance following the onset of the 2008 financial crisis and 17 months after the outbreak of the COVID-19 pandemic.

46. It was disappointing that the goal of mobilizing $100 billion per year in climate financing by 2020 had not been met, but the Group hoped that it would be

achieved in 2023 for the first time and that developed countries would also comply with new financing commitments under the Kunming-Montreal Global Biodiversity Framework. Furthermore, the international community should support the Secretary-General's proposal for a Sustainable Development Goal stimulus for developing countries, which could alleviate their economies and accelerate the recovery process. In the absence of an intergovernmental forum for international tax cooperation, inclusive and effective platforms were needed to design international tax rules and norms at the United Nations.

47. It was important to establish measures of progress on sustainable development that complemented or went beyond GDP. Access to concessional finance and technical cooperation should be guided by a United Nations-led intergovernmental process, in consultation with stakeholders, which would also require increased investment in national statistical systems, data collection and capacity-building.

48. The Group rejected the growing trend for developed countries to impose unilateral and protectionist measures that undermined the multilateral trading system and had a negative impact on developing countries' exports. The imposition of unilateral coercive economic measures against developing countries, which were inconsistent with the principles of international law and the Charter of the United Nations, did not contribute to economic and social development but impeded the post-pandemic recovery. They must be eliminated immediately.

49. Without urgent policy changes and concrete action, the gaps between developed and developing countries would widen, limiting the ability of the latter to invest in the Sustainable Development Goals and in their resilience, making them more vulnerable to external shocks.

50. **Mr. Ray** (Nepal), speaking on behalf of the Group of Least Developed Countries, said that the world economy had been battered by a series of economic shocks that had hit the least developed countries the hardest. The COVID-19 pandemic had pushed them into recession or deceleration and had reversed years of development progress, with infrastructure development well below the level required for rapid economic and social development. With regard to trade, the least developed countries were largely dependent on commodity exports, even though export capacity, productivity and value-added content were at low levels and vulnerability to international price fluctuations was high. Transformation was slow, and growth in the services sector had largely resulted from the expansion of low-productivity informal activities such as small-scale trade, personal services, repairs, hospitality and retail trade.

51. Foreign direct investment (FDI) to the least developed countries represented only 3 per cent of flows to developing countries, having declined over several years. Sovereign borrowing was an important financial tool for investing in the Sustainable Development Goals during crises, but about 60 per cent of low-income countries were at high risk of, or in, debt distress, twice the level recorded in 2015. The share of government revenue spent on servicing debt had risen from 15.6 per cent in 2021 to 17.0 per cent in 2022, further diminishing the fiscal space needed for investment in the Goals.

52. For the least developed countries to achieve sustained, smooth and irreversible graduation as well as to achieve the Goals and combat climate change, enhanced international assistance and external financing were required. Implementation of the Doha Programme of Action for the Least Developed Countries was the only way to keep the promise of leaving no one behind. Support measures needed to be deployed strategically: not only must ODA be doubled but it must also be provided as grants and be better aligned with country priorities and systems. The Group therefore welcomed the Secretary-General's call for radical transformation of the global financial architecture. International financial institutions and multinational development banks needed to enhance funding windows to better match the needs and capacities of the least developed countries. Inequalities in the issuance of SDRs to the least developed countries, which received less than 3 per cent of a total of $650 billion, must be corrected, and finance must be blended to prioritize the impact on sustainable development over project bankability.

53. An investment promotion centre to boost the flow of FDI to the least developed countries must be established, and policies must be coordinated to foster debt relief, restructuring and management and the use of instruments such as debt swap initiatives for sustainable development and climate action. The loss and damage fund must be operationalized and new grants must be made to vulnerable communities that were increasingly affected by extreme weather and slow-onset events.

54. **Mr. Wallace** (Jamaica), speaking on behalf of the Caribbean Community (CARICOM), said that the small island developing States that were members of CARICOM faced complex developmental challenges owing to their inherent vulnerabilities and acute exposure to natural and economic shocks beyond domestic control. The Community had long promoted

sound macroeconomic policies to foster a stable environment for strong and sustainable economic growth on which the creation of jobs, wealth and improved living standards could depend, and had affirmed the need to align financing flows and policies with economic, social and environmental priorities. It had also called for the reform of the international financial architecture, the restructuring of macroeconomic policies and the reimagining of financing for development sustained by enhanced international cooperation.

55. Since the very existence of the States members of CARICOM was dependent on their ability to build resilience to climate change, the Community had emphasized that climate financing must support the priorities identified by small island developing States. However, the global community had failed to provide the financing or stability needed to achieve the Sustainable Development Goals. The tightening of monetary policies, geopolitical uncertainty and sharp increases in the magnitude and volatility of capital flows had adversely affected access to finance, debt sustainability and financial stability.

56. The international financial architecture and global economic governance system had not been designed to address current crises, and the resulting gaps were leading to further economic despair, limiting member States' ability to invest in recovery, build resilience and pursue meaningful sustainable development. CARICOM therefore continued to advance proposals to provide developing countries, including small island developing States, with a chance to achieve sustainable development and inclusive growth. The Bridgetown Initiative and the multidimensional vulnerability index were both opportunities to advance vital discussions on the financing necessary to initiate a much-needed course correction. There should be no delay in implementing the recommendations of the report of the High-level Panel on the Development of a Multidimensional Vulnerability Index for Small Island Developing States, and an interim secretariat must immediately be established to support further work.

57. Since international trade was an engine of development and an important contributor to economic growth, CARICOM reaffirmed its commitment to a universal, rules-based, open, non-discriminatory and equitable multilateral trading system to provide unhindered market access for developing countries and to ensure the full exercise of special and differential treatment mechanisms. The Committee must focus its discussions and actions on a paradigm shift in development cooperation to promote a more sustainable, resilient, inclusive and global economy.

58. **Mr. Nasir** (Indonesia), speaking on behalf of the Association of Southeast Asian Nations (ASEAN), said that the impact of global shocks on developing countries had been aggravated by a biased international financial system that was short-termist and crisis-prone, further deepening inequalities. ASEAN was determined to establish a resilient economic architecture that would serve as a centre of regional growth and an engine for global economic growth by deepening regional integration and advocating multilateralism. The fast-changing economic landscape brought both opportunities and challenges, requiring vigilance and pragmatism.

59. As part of the Association's efforts to recover from the coronavirus disease (COVID-19) pandemic and build resilience, the ASEAN Comprehensive Recovery Framework focused on five strategic areas: health, human security, economic integration, digital transformation and a sustainable and resilient future. The resilience of member States had been demonstrated by expected GDP growth of 4.7 per cent in 2023 and 5 per cent in 2024, but the region was not complacent. Additional efforts to boost productivity and thrive in rapidly evolving circumstances included developing a digital economy framework agreement as well as an implementation plan for the ASEAN Framework for Circular Economy to strike a balance between economic growth and environmental protection. Since South-East Asia was highly vulnerable to climate change, it was important to enhance cooperation for capacity-building and climate finance. ASEAN had therefore worked steadfastly to narrow development gaps, enhance Sustainable Development Goal localization and empower young people, women, micro-, small and medium-sized enterprises and migrant workers.

60. International trade and development must be strengthened through broader engagement between ASEAN and its FDI partners. The Regional Comprehensive Economic Partnership had entered into force in 2022 to pursue post-pandemic recovery, achieve inclusive, rules-based trade and promote investment, thereby creating opportunities for businesses to grow and for micro-, small and medium-sized enterprises to internationalize and contribute to stronger supply chains.

61. Innovative financial mechanisms were needed to generate financing for development, which was crucial for both the post-pandemic recovery and the achievement of the 2023 Agenda. For example, the ASEAN Infrastructure Fund had incorporated green and inclusive infrastructure windows into the permanent ASEAN Catalytic Green Finance Facility, and the ASEAN Sustainable Development Goal bond toolkit

had been launched to provide guidance on issuing bonds aligned with the Goals and to mobilize private capital.

62. The Association's partnership with the United Nations would help to address global challenges and pursue shared values, including by seeking complementarities between the ASEAN Community of Vision 2025 and the 2030 Agenda.

63. **Mr. Pérez Ayesterán** (Bolivarian Republic of Venezuela), speaking on behalf of the Group of Friends in Defence of the Charter of the United Nations, said that the COVID-19 pandemic had triggered a health, social and economic crisis, at both the national and international levels, which had reversed many of the hard-won sustainable development gains of the previous decade, especially in the countries of the global South. That multidimensional crisis continued to exacerbate vulnerabilities and inequalities, particularly in developing countries, while highlighting the interconnectedness of the world. The current global system was faced with severe macroeconomic imbalances, volatile financial and commodity markets, the plundering of resources in developing countries and rising poverty and unemployment rates. That reality underscored the need to establish a new inclusive and equitable international order, in which international relations were democratized and economic relations were reconfigured, to realize the common goal of leaving no one behind.

64. The multifaceted crisis had been worsened by the illegal adoption and enforcement of unilateral coercive measures that constituted not only a flagrant violation of the Charter of the United Nations, but also a deliberate attack on the right to development of millions of people, worldwide. Such illegal measures undermined national efforts to implement the 2030 Agenda and should be lifted in full, immediately and without condition. States should refrain from applying any political or economic measure aimed at exerting pressure on other countries, especially developing ones. In that regard, it was critical to ensure that documents negotiated within the context of the United Nations system included a reference to the harmful impact of unilateral coercive measures. The issue had provoked a systemic international relations crisis and could no longer be ignored. The Organization could no longer remain indifferent to the fact that large amounts of funds belonging to some countries were blocked in the international financial system, as a result of the application of so-called sanctions. Such practices hampered those countries' ability to achieve the Sustainable Development Goals, and caused widespread pain and suffering within their populations, since they effectively blocked access to global trade, investments and financing for development, including from multilateral development banks.

65. The current international order fostered the dependence of developing countries on commodities, among other things, making them more vulnerable to price fluctuations. The Group of Friends called for stronger international cooperation and solidarity, for the promotion of investments, particularly in infrastructure, and for improved productive capacity, development finance and access to technology, which would all have a positive impact on economic recovery in the post-pandemic era.

66. International financial institutions should create conditions to ensure better access to finance on favourable terms, without politicization, and allow for greater participation by developing countries in all relevant decision-making bodies and institutions. There was an urgent need to reform the global financial architecture, including the Bretton Woods Institutions. Given the contribution that trade could make to growth, it was important to develop an international trade system that was fair, equitable, inclusive, independent, depoliticized, rules-based and non-discriminatory. Such a system should pay particular attention to the vulnerabilities of developing countries, promote sustainable development and have no place for the imposition of unilateral coercive measures. Developed countries should honour their ODA commitments. South-South, North-South and triangular cooperation should be improved and debt sustainability should be prioritized.

67. **Mr. Mmalane** (Botswana), speaking on behalf of the Group of Landlocked Developing Countries, said that the Department of Economic and Social Affairs should consider incorporating data and language that was specific to landlocked developing countries in its reports. In the wake of the COVID-19 pandemic, the Group was concerned about the fragile global economic outlook, as many developing countries continued to face difficult economic policy decisions and inequitable access to affordable financing for development. The macroeconomic environment remained challenging in most developing countries, where rising public debt, inflationary pressure and interest rates were reversing progress on the 2030 Agenda. While not all countries were affected in the same way, the financing divide sharply curtailed the ability of the most vulnerable countries, such as the landlocked developing countries, to respond to shocks and invest in sustainable recovery.

68. Immediate and long-term measures were urgently needed to effectively finance responses to the multiple overlapping crises and scale up investments in the

Sustainable Development Goals. It was critical to deliver on the priorities outlined in the Vienna Programme of Action for Landlocked Developing Countries for the Decade 2014–2024 and the 2030 Agenda, while looking ahead to the next decade and to a new ambitious and robust programme of action. The fiscal implications of the COVID-19 pandemic had increased the risk of debt distress and limited fiscal and policy space for critical investments. If debt was not restructured on a long-term basis, the lifting of suspensions on repayment would undoubtedly increase economic and balance-of-payment burdens and, in so doing, threaten sustainable recovery and the achievement of development objectives.

69. The reliance of most landlocked developing countries on primary commodities made them vulnerable to external shocks and limited their competitiveness and ability to produce high value-added products. Those restrictions disproportionately hindered their exports, marginalized them from global trade and reduced their capacity to attract FDI, thereby undermining their efforts to reduce poverty and realize sustainable development. While those countries acknowledged that they were primarily responsible for their own development and continued to enhance their domestic resource mobilization, it was clear that they required external support to address their specific challenges and achieve the Goals.

70. There was a need to make finance from international development institutions more accessible for landlocked developing countries and provide the latter with multidimensional support for mobilizing financial resources. Those countries required technical assistance for the utilization of climate finance and capacity-building for the development of bankable projects. Their efforts to integrate global trade should be supported, including through enhanced market access and trade facilitation. ODA should be leveraged to mobilize additional domestic and external resources and further reduce remittance costs. Countries of the global South should increase their technical assistance to landlocked developing countries in the spirit of solidarity and South-South cooperation. Support to those countries under the Aid for Trade initiative should be increased to address supply-side constraints, upgrade trade-related infrastructure and promote trade facilitation.

71. In the lead-up to discussions on the next programme of action for landlocked developing countries, the Group called on the international community to seize the opportunity offered by the third United Nations Conference on Landlocked Developing Countries to identify new and emerging challenges and uncover ways and means of addressing them. The fourth International Conference on Financing for Development, which was scheduled to be held in 2025, should consider ways of galvanizing ongoing reform efforts within the development bank system to scale up lending. It should focus on the Goals and climate impact, and on building on the commitments of the Addis Ababa Action Agenda

72. Financing the development of landlocked developing countries would require a multipronged approach involving domestic reforms, international cooperation and investments in critical areas. To that end, the support of transit countries, development partners, international organizations and regional partners was crucial.

73. **Ms. Bartley** (Samoa), speaking on behalf of the Alliance of Small Island States (AOSIS), said that small island developing States comprised one third of the countries with the highest annual losses from increasingly intense natural disasters. As a percentage of their GDP, damage from disasters had risen alarmingly over the period 2011–2022. Over 40 per cent of small island developing States were either highly indebted or approaching debt distress, and 70 per cent were above the debt sustainability threshold. For the period 2011–2019, their average external debt fluctuated between 48 and 51 per cent of gross national income (GNI). Between 2016 and 2022 those States had collectively received a mere $1.5 billion in climate finance, while 22 of them had paid more than $26.6 billion to external creditors. They had therefore spent 18 times more in debt repayments than they had received in climate finance.

74. Climate events, shifts in global trade and price fluctuations could easily push small island developing States into economic distress, and one adverse event sometimes sufficed to make their debt levels unsustainable. In fact, those countries would always be vulnerable to external shocks, as they existed in a state of heightened anticipation that did not necessarily equate to an adequate response. Their economies were often unable to recover completely, and the multiplicity and increasing frequency of events were reducing the response time between shocks. Statistics pointed to a growing intensity of external shocks and a reduced ability to cope. Economic issues had been high on the agenda at preparatory regional and interregional meetings for the upcoming fourth International Conference on Small Island Developing States. Targeted and sustainable economic responses were urgently needed to help finance development. Improved access to finance was critical for economic recovery, enhanced

resilience, sustainable development and avoiding debt distress.

75. In that regard, a dedicated debt management mechanism should be established for small island developing States, to facilitate State-contingent debt instruments, debt financing, reprofiling and debt relief in the form of cancellation, restructuring, swaps, and blue and green bonds. All creditors should mainstream State-contingent debt instruments, such as disaster clauses, to allow for the suspension of payments or extension of maturity periods, in response to income volatility, liquidity pressures and debt distress arising from exogenous shocks. They should also mainstream ex ante financing, in order to reduce systemic disaster risk and build resilience.

76. The capacity of small island developing States to recover from crises would depend on their efforts to restructure and diversify climate-resilient economies. Those efforts would entail upgrading existing sectors and developing new ones by investing in capacity-building, digital infrastructure, new technologies and innovation, with a view to producing more sophisticated, high value-added competitive goods and services. To that end, small island developing States would continue to harness the potential of the blue, green, circular and digital economies. Given their limited economies of scale and small domestic markets and fiscal bases, they were determined to bolster their economies through expanded trade and economic linkages, including with non-traditional partners, to support their continued integration in the world economy. It was therefore necessary to ensure that small island developing States had preferential access to markets and that WTO rules remained sensitive to their priorities and special circumstances.

77. Remittances accounted for a significant portion of GDP in small island developing States, representing as much as 30 per cent in some countries. AOSIS would once again call for the reduction of obstacles to remittance flows, including through the lowering of transaction costs and the improvement of policies and access to correspondent banking relationships and services. While access to finance continued to severely restrict some small island developing States, they remained subject to higher recovery, adaptation and transformation costs, owing to their distance from markets and limited economies of scale. AOSIS would also continue to call for the credible reform of the international financial system and for the use of the multidimensional vulnerability index. It would seek to ensure improved coordination and structuring of the debt issues faced by developing countries, as well as sound debt analysis and a timely debt restructuring process.

78. **Ms. Tickner** (Colombia), speaking also on behalf of Chile and Mexico, said that international cooperation on tax matters had become more pressing, as wealth had become more volatile and the impact of economic activities extended beyond national borders. Unilateral action on tax matters was no longer sufficient within the current globalized and digitalized economic context. Chile, Colombia and Mexico therefore supported international cooperation for fair and effective taxation, which was critical to enable Governments to deliver basic public goods and services. To achieve that cooperation, there was a need for a common agenda, consensual decisions and broad, equal and inclusive participation, whereby all interested countries, from the North and South, developed and developing, were invited to participate and contribute on an equal footing.

79. Existing institutional arrangements for tax cooperation, including those of OECD, had been considerably expanded and improved over the last decade, to facilitate the involvement of all interested countries. In recent years, OECD had developed new and comprehensive measures for addressing the challenges associated with tax coordination, with a view to achieving its goal of inclusive and efficient tax cooperation, which was shared with the United Nations and other international organizations. In that respect, Chile, Colombia and Mexico welcomed the Secretary-General's report on the promotion of inclusive and effective international tax cooperation at the United Nations (A/78/235), which presented a solid basis for constructive discussions on the General Assembly resolution on the same subject.

80. The development of an international tax cooperation framework or instrument was the best way to consolidate the desires of many countries, and those of developing countries in particular, in order to establish international tax measures that could unlock the potential of taxation to support development efforts and finance global issues such as climate action, the reduction of inequalities and sustainable development. That goal should be shared by all Member States, regardless of their levels of development. In seeking to achieve it, consideration should be given to the high speed of technological progress and its ensuing consequences. The agreed framework or instrument should allow for frequent meetings and rapid decision-making, while taking countries' specific circumstances into account. Once finalized, it could address urgent substantive tax issues, including tax measures for climate action, the need to update the international tax system, options for taxing the digital economy and new

forms of work, and the future of tax benefits, on the basis of OECD Pillar Two Model Rules. That work should be guided by collaboration between the Committee of Experts on International Cooperation in Tax Matters and the OECD Centre for Tax Policy and Administration.

81. **Ms. Hamdouni** (Morocco), speaking on behalf of the Like-Minded Group of Countries Supporters of Middle-Income Countries, said that the Committee's discussions should build on the call for action made recently by global leaders at the Sustainable Development Goals Summit and the High-level Dialogue on Financing for Development, including for a reform of the international financial architecture and a paradigm shift within international development cooperation. Such reforms would help to increase fiscal space for developing countries and enable them to access concessional and non-concessional finance and technical cooperation in a more effective, fair and equitable manner.

82. The Group welcomed the Secretary-General's proposed Sustainable Development Goal stimulus and looked forward to advancing that proposal during the Committee's deliberations. The stimulus would help to address the high cost of debt and growing risk of debt distress, enhance support for developing countries and massively scale up affordable long-term financing for development. The use of measures such as multidimensional vulnerabilities, multidimensional poverty, inequalities, structural gaps and environmental challenges to determine developing countries' access to development cooperation should be a core priority for the Committee. To demonstrate the political will required to concretely deliver on that matter, the Group called for the establishment of an independent high-level expert group, supported by the Statistics Division, to develop a value dashboard for a limited number of key indicators that went beyond GDP. The President of the General Assembly should initiate a United Nations intergovernmental process, in consultation with relevant stakeholders, in the lead-up to the 2024 Summit of the Future. There was a pressing need to increase capacity-building in the areas of statistical and data collection, to support Member States' efforts to fill gaps in reporting on the Goals, while advancing the beyond-GDP agenda.

83. The Group was concerned that most of the financing received by middle-income countries consisted of loans and non-concessional finance. In that regard, it called for the financing and lending capacities of multilateral development banks to be increased, in concessional terms, for all developing countries. The Group looked forward to the continuation of constructive discussions on the multidimensional vulnerability index for small island developing States. A comprehensive policy agenda was urgently needed to tackle debt vulnerability. Many middle-income countries were faced with a choice between their development aspirations and fiscal stability. Innovative and suitable solutions should be advanced, to ensure sustainable and effective debt treatments for those countries. Credit rating agencies should adapt their fiscal risk criteria to the current challenges facing middle-income countries, and mechanisms such as debt-for nature and debt-for-climate adaptation swaps should be scaled up to maintain developing countries' efforts to combat climate change and reverse biodiversity loss.

84. The Group looked forward to engaging constructively in preparation for the fourth International Conference on Financing for Development in 2025 and hoped to assess the progress made and bridge existing gaps in the implementation of the Addis Ababa Action Agenda. The Committee's work should build on the momentum and ambition of the high-level week of the General Assembly. The Secretary-General's call to totally revamp the support provided to middle-income countries highlighted the need to restructure development cooperation according to the specific needs of those countries. Macroeconomic solutions to global development issues should be inclusive and fair to all developing countries. Middle-income countries should not remain stuck in the middle-income trap and be excluded from many forms of support because of their categorization.

85. **Ms. Ong** (Canada), speaking also on behalf of Australia and New Zealand, said that financing for development was critical for implementing the 2030 Agenda. Australia, Canada and New Zealand supported global discussions on that matter and valued the opportunity to engage in that respect. They also supported international cooperation aimed at ensuring fair and effective taxation. Cooperation among jurisdictions was key to the proper functioning of the international tax system and to addressing issues such as international tax evasion and avoidance, illicit financial flows and international tax competition. Considerable progress had been made in that regard in recent years. Notable successes included actions taken in the context of the Global Forum on Transparency and Exchange of Information for Tax Purposes and the Inclusive Framework on Base Erosion and Profit Shifting. Those reforms had benefited from the active participation of States with diverse economic circumstances and contributed to the increased efficiency, integrity and stability of the international tax system, to the benefit of both developing and developed countries.

86. Further improvement of the international tax system required continued cooperation and coordination among countries. Australia, Canada and New Zealand acknowledged the concerns expressed by many developing countries and supported greater participation of all countries in the development of international tax policy standards, and improved leveraging of tax revenues for financing the Sustainable Development Goals. Committee deliberations should focus on the options available to the international community to efficiently address concerns about the inclusiveness and effectiveness of international tax cooperation. Discussions on the governance of the international tax system should examine the aspects of the system that required further development. A shared understanding of how the improvement of specific rules and standards could be practical, fair and beneficial to all countries would be crucial to ensure a successful outcome. The manner in which decisions would be taken under a possible new arrangement would also be key to achieving favourable results.

87. Practical constraints to the effective participation of countries in the policy development process were just as important as institutional constraints, in the quest to achieve inclusive tax cooperation. Consideration should be given to the ways in which international organizations could further work together to help their member States to build tax capacities. To maximize the impact of scarce resources, it would be important to develop and leverage current arrangements, while avoiding the duplication of existing structures and instruments.

88. **Ms. Tickner** (Colombia) said that the Committee should concentrate its efforts on meeting the commitments made in the political declaration of the high-level political forum on sustainable development convened under the auspices of the General Assembly. Resolutions on macroeconomic policies and financing for development should help to advance the reform of the international financial system and scale up developing countries' capacity to access sufficient financial resources to implement the 2030 Agenda, the Paris Agreement under the United Nations Framework Convention on Climate Change and the Kunming-Montreal Global Biodiversity Framework. Closing the financing gap to achieve the objectives of those agreements would require a comprehensive solution that gave developing countries more fiscal space, increased their capacity to mobilize domestic resources and stepped up financing from all other sources.

89. To make progress in that regard, there was a need to accelerate the rechannelling of unutilized SDRs to developing countries and issue new SDRs geared towards helping countries with unsustainable debt to repay that debt. The standardized and simplified use of multilateral debt-for-nature and debt-for-climate adaptation swaps should be increased, and the narrative around their use should be changed. Swaps were necessary measures, not for managing unsustainable debt situations, but for increasing investment in climate action and nature conservation, in the face of insufficient and unfulfilled commitments to that end. International financial institutions could play a significant role in structuring and executing those swaps, and in sending the right signals to the market, to avoid the downgrading of risk ratings. Multilateral development banks should be recapitalized and their capacities to provide concessional financing to all developing countries should be expanded. Measures that went beyond GDP should be developed, on the basis of multidimensional criteria, to inform developing countries' access to finance. The fourth International Conference on Financing for Development should be convened in 2025, at the highest level, to endorse measures for implementing the Addis Ababa Action Agenda and addressing emerging challenges.

90. For the foregoing measures to be feasible, the international financial architecture would need to be reformed. Furthermore, Member States had a collective responsibility to ensure that the mandates, portfolios and operations of international financial institutions, multilateral development banks and WTO were aligned with sustainable development, climate action and nature conservation objectives.

91. *Mr. Abudu-Birresborn (Ghana), Vice-Chair, took the Chair.*

92. **Mr. Rodriguez** (Cuba) said that developing countries were at high risk of being left behind. They continued to be disproportionately affected by hunger, extreme poverty, climate change and the unjust and exclusive current financial order. In addition, the structural deficiencies of their economies meant that while developing countries wished to invest in economic diversification, they were hindered from doing so by their limited fiscal space. In 2022, 25 developing countries had allocated more than one fifth of their revenues to the servicing of their external public debt. Any country that had to use so much of its resources for that purpose could not have the liquidity required to invest in the social sphere and simultaneously incentivize the production of competitive good and services. Increasing debt service burdens further reduced the fiscal space needed by countries to invest in the Sustainable Development Goals.

93. The international community should transform commitments and political will into concrete action, once and for all, and urgently find a comprehensive and sustainable solution to the external debt issue. Developing countries could not advance their development agendas while they continued to service trillions of dollars in debt. They needed support in the form of concessional financing, capacity-building and technology transfers. It was incomprehensible that few developed countries were meeting their commitment to provide 0.7 per cent of their GNI as ODA, while some Powers were spending billions on their militaries. The United Nations would be the best forum for negotiating and implementing the structural reform of the current international financial system that developing countries had been calling for in recent years.

94. There was a need to safeguard and strengthen a rules-based multilateral trade system that was open, transparent, inclusive and non-discriminatory. Such an approach would guarantee special and differentiated treatment for all developing countries. Cuba rejected the application of unilateral coercive measures, which were incompatible with international law and the Charter of the United Nations. For over 60 years his country had resisted the economic, trade and financial blockade imposed on it by the United States of America, which was the main obstacle to its socioeconomic development. Those sanctions had not been relaxed during the COVID-19 pandemic, which reaffirmed their inhumane nature, and were preventing Cuba from establishing normal trade, economic and financial relations with the rest of the world. To prevent the gap between developed and developing countries from widening even further, the international community should act immediately and collectively. Justice, inclusiveness and respect were critical to guaranteeing the well-being and prosperity of all peoples.

95. **Ms. González López** (El Salvador) said that a cross-cutting aspect of the recent high-level forums and deliberations of the General Assembly was the call for renewal and reinvention, with a view to addressing the multidimensional challenges facing the world. The Committee's work would enable progress towards that objective, especially in the areas of macroeconomic policy and financing for development. Such reforms would be based on the commitments made by Member States to advance ambitious and bold actions, in a spirit of strengthened solidarity, effective cooperation and revitalized multilateralism.

96. The disproportionate impacts on developing countries of multiple ongoing crises, the large financing gap and the jeopardized fulfilment of the commitments contained in the Addis Ababa Agenda all served to demonstrate that the international financial architecture and its global governance were failing to address systemic risks to developing countries in a flexible and effective manner. The implementation of the transformations required to meet current challenges transcended the deliberations of the General Assembly. However, the convening of the fourth International Conference on Financing for Development in 2025 would make it possible to adopt a series of agreed reforms aimed at adapting the international financial architecture to the objectives and needs of developing countries.

97. In recent years, El Salvador had undertaken several initiatives designed to expand social protection and achieve sustainable economic growth, through innovation and digital transformation. The objective was to promote a people-centred approach through significant social investments, improve road infrastructure, logistics and connectivity, and prioritize the provision of early childhood education and care, in order to transform the education and health-care sectors. Given the scale and nature of current global challenges, it was important for national actions to complement a coordinated and cohesive global response, in order to strengthen the capacity to find joint solutions to common development problems. There was a need for enhanced global solidarity and collaboration to close the financing gap and ensure access to the resources and concessional finance required by developing countries to meet their development needs. Her delegation remained willing to work constructively within the Committee, to arrive at agreements and solutions that were beneficial to all.

98. **Mr. Al Nahhas** (Syrian Arab Republic) said that the interconnected crises facing the world were threatening the important role played by international trade in meeting the needs of different peoples worldwide, in their quest for prosperity and development. In the Syrian Arab Republic, trade was under threat as a result of the war against terrorism and the illegal coercive measures imposed by the United States and the European Union, as a means of exerting political pressure, in violation of international law and the Charter of the United Nations.

99. Unilateral coercive measures and increased insurance costs for transporting merchandise had made it impossible for many international companies to conduct business in his country, with either the public or private sector. In the health sector, those measures prevented access to medical equipment for health-care centres and hospitals, making it very difficult to treat patients suffering from chronic diseases. Foreign business had ceased to honour their contractual

commitments with respect to existing equipment, leaving much of the country's equipment out of service. In the energy sector, sanctions had made it very difficult to import enough fuel to supply the population, which, in turn, had an impact on renewable energy projects. Foreign businesses no longer proposed contracts because it was difficult to secure loans. The measures had affected the provision of resources and services to people with special needs, older persons and children, and had also hindered access to rural areas. The services that still existed were insufficient and his Government was no longer able to guarantee basic medication to those most in need. The situation was significantly affecting efforts to implement national strategies.

100. With respect to drinking water, irrigation and sanitation, coercive measures had created a crisis in the water sector, as a result of the constraints imposed on the import of electrical and mechanical equipment for pumping and sanitation systems. Accordingly, it was difficult to provide services to citizens and to the agricultural sector, giving rise to the outbreak of diseases and epidemics. The restrictive measures had hampered the creation of jobs and, since many installations were no longer serviceable, there had been a rise in unemployment. Universities and higher learning institutions no longer had sufficient equipment, and students were unable to participate in international exchanges, conferences and workshops. The reduction of their financial and technical capacities had prevented universities from subscribing to international scientific reviews. The measures imposed on Syrian and private banks had limited his Government's ability to meet its financial obligations, including its contributions to international organizations, and had led to increased banking costs at the national level. The imposition of measures on the oil sector had led to losses totalling $115 billion. It was difficult to ensure an adequate food supply because the agricultural sector was unable to access the necessary fertilizers, fuel and equipment as a result of trade constraints.

101. Altogether, the aforementioned measures amounted to economic terrorism, which was no less dangerous than armed terrorism, given the catastrophic humanitarian consequences. The Syrian Arab Republic therefore called for the immediate and unconditional lifting of the unilateral coercive measures imposed by Western countries on developing countries.

102. **Ms. Teymourpour** (Islamic Republic of Iran) said that multilateralism was under severe threat, owing to the adoption of inward-looking policies, protectionist approaches and unilateral measures. International trade was a catalyst for inclusive growth and it was the right of every sovereign State to be part of a universal, rules-based, open, transparent, predictable, inclusive and non-discriminatory multilateral trading system. Financing for development was facing more obstacles than ever before, as diminished multilateralism had generated considerable financing and development challenges. All international financial institutions should promote greater access to financing, on favourable terms, without politicization. It was unfortunate that developing countries continued to suffer from old and entrenched development challenges linked to global economic, financial and trade imbalances and injustices. The Islamic Republic of Iran called for the complete, immediate and unconditional correction of those imbalances and for States to refrain from applying any political or economic measures with the purpose of exerting pressure on developing countries.

103. Governance reform was crucial in restructuring the international financial architecture and rebuilding trust in the multilateral system, as called for in the Addis Ababa Action Agenda. It was also necessary to ensure the full and effective participation of developing countries in decision-making and establish norms for international financial institutions. Those objectives should be facilitated by the ambitious, fully inclusive and non-discriminatory provision of means of implementation by developed countries, particularly in the form of financing, technology transfers and knowledge-sharing. The fulfilment of the development agenda required more effective international support and solidarity. The United Nations system should play a critical coordinating role in strengthening global partnerships for sustainable development. Together with its specialized agencies, such as UNCTAD and the United Nations Industrial Development Organization, the Organization should do more to address the needs of developing countries.

104. Lastly, to fully harness the potential of trade and financing for development, it was important to uphold a universal, rules-based, open, non-discriminatory and equitable multilateral trade and finance system that contributed to the growth and sustainable development of developing countries.

The meeting rose at 1.05 p.m.