United Nations A/65/395*

General Assembly

Distr.: General
28 September 2010

Original: English

Sixty-fifth session
Agenda item 18 (b)
Macroeconomic policy questions: international financial system and development

Letter dated 27 September 2010 from the Permanent Representative of Singapore to the United Nations addressed to the Secretary-General

I have the honour to transmit to you, on behalf of the informal Global Governance Group (3G), comprising the following States Members of the United Nations: the Commonwealth of the Bahamas, the Kingdom of Bahrain, Barbados, Botswana, Brunei Darussalam, Chile, Costa Rica, Guatemala, Jamaica, Kuwait, the Principality of Liechtenstein, Malaysia, the Principality of Monaco, New Zealand, Panama, Peru, the Republic of the Philippines, the State of Qatar, the Republic of Rwanda, the Republic of San Marino, the Republic of Senegal, the Republic of Singapore, the Republic of Slovenia, Switzerland, the United Arab Emirates, Uruguay and the Socialist Republic of Viet Nam, a document entitled "Global Governance Group inputs to the G-20 Working Group on Development" (see annex).

On behalf of the 3G, I should be grateful if you would circulate the present letter and its annex as a document of the General Assembly, under agenda item 18 (b).

(*Signed*) Vanu Gopala **Menon**
Ambassador and Permanent Representative

* Reissued for technical reasons on 4 October 2010.

Annex to the letter dated 27 September 2010 from the Permanent Representative of Singapore to the United Nations addressed to the Secretary-General

Global Governance Group inputs to the G-20 Working Group on Development

27 September 2010

1. The promotion of stronger growth in developing countries is important for the G-20 framework for "strong, sustainable and balanced growth". The Global Governance Group (3G)[1] therefore welcomed the decision of the G-20 Toronto Summit, held on 26 and 27 June 2010, to establish a Working Group on Development. This is an important step towards poverty reduction and the narrowing of the development gap, including progress towards the Millennium Development Goals.[2]

2. In taking up the development agenda, the G-20 should consider how it can complement and strengthen the important and ongoing efforts of several international platforms, including the United Nations and United Nations-related agencies, in the area of development. The G-20 Working Group on Development could also support initiatives targeted at keeping global markets open, creating new opportunities for developing economies and providing assistance for developing countries, especially the least developed countries, to take advantage of these opportunities. The 3G would like to offer our perspectives on some of these areas where the G-20 could show leadership and make significant contributions:

- **Facilitating open markets**: The G-20 should show stronger leadership and make a tangible contribution to expedite the early conclusion of the Doha Development Agenda. An ambitious and balanced Doha Development Agenda is the critical enabler of global growth and sustained economic recovery. In the meantime, the G-20 should explore other means of improving market access for developing countries, including the early and effective implementation of duty-free quota-free access for least developed countries.

- **Facilitating trade**: Enhanced support for the Aid-for-Trade initiative of the World Trade Organization and for the development and enhancement of the productive capacity of developing countries, especially the least developed countries, is essential for them to benefit from open markets. As many countries need assistance for trade facilitation, more needs to be done to improve the quality and quantity of "Aid-for-Trade". In particular, the G-20 should consider maintaining their level of Aid-for-Trade flows for 2011-2015 and ensuring greater aid predictability for developing countries. A greater share of Aid-for-Trade should also go to developing countries which need it

[1] The 3G comprises the following States Members of the United Nations: Bahamas, Kingdom of Bahrain, Barbados, Botswana, Brunei Darussalam, Chile, Costa Rica, Guatemala, Jamaica, Kuwait, Principality of Liechtenstein, Malaysia, Principality of Monaco, New Zealand, Panama, Peru, Republic of the Philippines, State of Qatar, Republic of Rwanda, Republic of San Marino, Republic of Senegal, Republic of Singapore, Republic of Slovenia, Switzerland, United Arab Emirates, Uruguay and Socialist Republic of Viet Nam.

[2] 3G press statement dated 8 July 2010.

most, such as the least developed countries, to enhance their international competitiveness and foster economic growth.

- **Facilitating financing**: The global crisis will have long-lasting implications for financial flows to developing countries, particularly as capital becomes scarcer and more expensive at a time when financing development needs, such as infrastructure, are expected to increase. It is therefore important for developing countries to have adequate access to flows of ODA and multilateral financing (concessional and non-concessional). The G-20 should explore ways to improve the effectiveness of traditional financing mechanisms, including their fit within what is becoming an increasingly complex international aid architecture. The G-20 should also examine how these mechanisms need to be supplemented with more innovative measures to improve access to finance, while ensuring that the ongoing financial regulatory and supervisory reforms do not unintentionally impede economic or financial growth in both developed and developing countries. G-20 countries could also contribute towards developing countries' efforts to strengthen their financial systems by providing technical and capacity-building assistance.

- **Facilitating investment**: Private investments are key to sustained economic development and the creation of employment opportunities. G-20 members could mobilize such private investments through the multilateral development banks and increased bilateral and multilateral cooperation with developing countries to improve the investment climate in these countries.

3. Development is an important issue where many countries have a strong stake in ensuring solid outcomes. In this regard, the G-20 Working Group on Development should work in a consultative, inclusive and transparent manner. In particular, we call on the G-20 Working Group to engage and actively involve both developed and developing countries in these discussions, utilizing the principle of variable geometry.[3] The G-20 Working Group should also engage closely with the United Nations, including the United Nations Development Programme, the multilateral banks and the World Trade Organization, in its deliberations. These institutions have the requisite expertise and experience in relation to the key developmental challenges facing developing countries. In this way, the G-20 will facilitate and maximize the sharing of development solutions across countries and increase buy-in for the process and implementation of its outcomes.

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[3] "Strengthening the Framework for G-20 Engagement of Non-Members"; 3G paper of 11 March 2010, circulated under the symbol A/64/706.