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Summary record of the 17th meeting
Held at Headquarters, New York, on Tuesday, 21 October 2014, at 3 p.m.

Chair: Mr. Cardi .... (Italy)

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The meeting was called to order at 3 p.m.

Agenda item 17: Macroeconomic policy questions (*continued*)

(b) **International financial system and development** (*continued*)

Agenda item 18: Follow-up to and implementation of the outcome of the 2002 International Conference on Financing for Development and the 2008 Review Conference (*continued*)

1. **Ms. Chen Yingzhu** (China) said that uncertainty regarding international monetary policy remained a concern in the wake of the world financial crisis, particularly with respect to the trade architecture of emerging economies and the dynamics of commodity prices. The international community needed to ensure a more balanced macroeconomic policy and the economies with major reserve currencies should adopt more responsible monetary policies in order to minimize potential spillover effects. Reform and innovation should be the core components of national growth strategies in order to change growth patterns, reform economic structures and explore endogenous growth drivers and potential. It was important to continue to oppose trade and investment protectionism in order to encourage a fair and stable investment environment.

2. In order to build an international financial order that was just, inclusive and orderly, it was also vital to reform global economic governance, honour International Monetary Fund quota commitments and substantially increase the representation and bargaining power of developing countries in international financial institutions. China believed that in order to improve the global financial regulatory system it would be essential to strengthen oversight over developed economies with major financial centres and their macroeconomic policies; tighten regulation of crossborder capital flows along with trade in commodity derivatives; reform the sovereign credit rating mechanism; optimize the control and regulation mechanism for the issuance of reserve currencies to maintain the relative stability of the exchange rates of major reserve currencies; and enhance the function of the international financial institutions in development and poverty reduction to further narrow the North-South wealth gap.

3. Insufficient development funding remained the major challenge to international development. Weak sustained financing capacity made it imperative to build a global partnership based on equity and mutual benefit and to implement the Monterrey Consensus of the International Conference on Financing for Development. The developed countries should respect their solemn commitment to allocate 0.7 per cent of gross domestic product (GDP) to overseas development assistance, further reduce debts and open up their markets to developing countries to enable those countries to derive more dividends from the global value chain.

4. China's recent growth had been steady and robust, marked by major structural reforms and shifts in macro-control that eschewed the use of stimulus measures. In the first half of 2014, major economic indicators, including job growth and a reduction in the ratio of energy consumption to GDP as well as in the rate of carbon emissions, had reached record levels.

5. **Mr. Busuttil** (Observer for the European Union), speaking also on behalf of the candidate countries Albania, Montenegro, Serbia, the former Yugoslav Republic of Macedonia and Turkey; the Stabilisation and Association Process country Bosnia and Herzegovina; and, in addition, Armenia, Georgia, the Republic of Moldova and Ukraine, said that the principle of universality would be critical to achieving consensus on the post-2015 development agenda. Not only would future goals and targets have universal significance, but all governments needed to play their part. For the new framework to be truly transformational, governments would need to set sufficiently ambitious targets that took national circumstances into account.

6. Climate change would remain a central challenge for sustainable development and had the potential to undermine efforts to eradicate poverty. On the other hand, climate action, including a commitment to low-emission and climate resilient development, could be a catalyser for sustainable development. At the forthcoming twentieth session of the Conference of the Parties to the United Nations Framework Convention on Climate Change in Lima, it would be important to build on previous agreements as well as the recent Climate Summit in New York to pave the way towards adoption of a single global legally-binding agreement at next September's Conference of the Parties to the United Nations Framework Convention on Climate

Change in Paris. The new agreement should limit the rise of global average temperature to less than 2 degrees Celsius compared with pre-industrial levels.

7. Work related to the preparation of the third Conference on Financing for Development, to be held in July 2015, along with the report of the Committee of Experts on Sustainable Development Financing, Would be crucial inputs in the lead-up to the Paris Climate Change Conference. Preparations for the two events should therefore mutually support each other and avoid duplication of efforts. In that context, his delegation welcomed the programme of work prepared by the Ambassadors of Guyana and Norway, as mandated in resolution 68/279, and the intergovernmental work that would take place in tandem with the work of the Second Committee. He also lauded efforts by partners to ensure that negotiations on resolutions under items 17 and 18 would be procedural, allowing for substantive discussions during the forthcoming informal sessions on relevant thematic areas, summaries of which might also serve as inputs to the preparations for the Paris Conference.

8. **Ms. Adikari**, (Nepal) said that the eradication of poverty remained an ethical, social, political and economic imperative for humanity. Renewed global partnerships were critical to ensuring full implementation of the sustainable development goals that would define the post-2015 agenda. Least developed countries, including landlocked least developed countries, required continued support to attract foreign investment, guarantee market access and enhance competitiveness, especially with respect to the pursuit of proper international trade and commodity-specific policies, as well as to obtain effective debt relief and improve their participation in the global financial system.

9. Resource constraints and structural weaknesses, such as low levels of per capita income, domestic savings and investment, as well as a small tax base, meant that least developed countries currently enjoyed only a 1.14 per cent share of global trade. It was therefore critical for development partners to meet their commitments to official development assistance (ODA) by 2015 and to further enhance the resources allocated to least developed countries. With most foreign direct assistance concentrated in the extractive sectors, greater diversity in assistance was also important, as was debt relief, which should take into account the specific circumstances of recipient countries. Remittances, important as they were as a source of private household income, were not a substitute for ODA or debt relief. Still, host, home and transit countries needed to improve the regulatory environment and reduce their transaction costs in order to tap the economic potential of the diaspora communities.

10. It was vital to recognize least developed countries as a special category based on the United Nations vulnerability index. As a country seeking to graduate from least developed country status by 2022, Nepal was committed to the principles of the Paris Declaration on Aid Effectiveness and called for far-reaching reform of the international financial system that would guarantee least developed countries a voice in the decision-making and norm-setting process of the Bretton Woods institutions.

11. **Ms. Ravilova-Borovik** (Russian Federation) said that a stable international financial system was the foundation for development. Inconsistencies and anomalies in its work, which had increased in recent years, were among the factors that had hindered attainment of the Millennium Development Goals (MDGs). Unless those shortcomings were addressed, the sustainable development agenda would also be susceptible to delays. It was critical to give priority to debt restructuring and to strengthening measures to prevent and regulate sovereign debt crises. Her delegation also believed that broader representation of developing countries and fast-growing economies in international financial institutions could lead to useful solutions to those issues.

12. The Russian Federation welcomed the outcome document of the Committee of Experts on Sustainable Development Financing and trusted that its conclusions, in particular regarding ways to mobilize the resources necessary for implementation of its recommendations, would be incorporated into discussions leading to the third International Conference on Financing for Development. Official development assistance (ODA) should remain the primary source of financing for development. Alternative and innovative sources, while important, should be viewed only as additional mechanisms for mobilizing resources.

13. It was essential to align private development stimulus with State goals and to establish policy criteria and an investment-friendly climate for

development. At the same time, public resources should also be mobilized for sustainable activities. Her delegation supported the Committee's recommendation on the need to supplement national sustainable development strategies with national financial strategies while also ensuring international support through North-South, South-South and triangular cooperation. The Russian Federation also supported the principle of national ownership and leadership in the implementation of national sustainable development strategies while creating favourable international conditions. The implementation of effective government policies was the cornerstone of sustainable development strategy.

14. **Ms. Aueareechit** (Thailand) said that in the aftermath of the financial crisis of 2008, sovereign debt remained a critical issue. Her country encouraged the United Nations Conference on Trade and Development (UNCTAD) to work closely with financial institutions within the United Nations system to ensure system-wide coherence on debt restructuring and to further ensure mainstreaming of the development agenda into the work of the Organization.

15. Regional economic integration, which would reduce external vulnerabilities and accelerate the global economic recovery, was both inevitable and urgent. Thailand was working alongside other members of the Association of Southeast Asian Nations (ASEAN) to ensure a smooth transition to the ASEAN Community in 2015. It was also critical to reform the international financial architecture to increase transparency, crisis-responsiveness and stability, which would prevent crisis spill-over in the future. More equitable representation of developing countries in the Bretton Woods institutions, including increased voting rights, was essential.

16. Thailand welcomed the rebound in ODA after two years of decline and reiterated that global partnership was the best tool for addressing the adverse effects of international financial and economic crises. Financing for development was closely linked to debt sustainability, which was critical for the progress of developing countries. Thailand hoped that such considerations would be part of the intergovernmental negotiations leading to the adoption of a multilateral legal framework for debt restructuring to be concluded by year's end.

17. **Mr. Ng** (Singapore) said that the importance of financing for development was more relevant than ever. More than 12 years after the International Conference on Financing for Development in Monterrey and six years after the Doha Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus, inequalities among and within nations were still on the rise. Unlike the Monterrey Conference, which had been held after the MDGs had been drawn up, the forthcoming third International Conference on Financing for Development, in Addis Ababa, would take place before the post-2015 sustainable development goals were finalized and would therefore have the opportunity to address their means of implementation.

18. In addition to reinvigorating overseas development commitments, the forthcoming Conference should examine ways for the private sector to contribute to financing for development. Stressing the importance of South-South, North-South and triangular cooperation, in particular for capacity-building, he noted that when officials acquired new experiences and skills, they were better able to preside over systemic and policy issues that would foster an enabling environment for development financing. Through its Singapore Cooperation Programme, established in 1992, his country had shared its developmental expertise with thousands of government officials from 17 countries in the Asia Pacific, Africa, the Middle East, Eastern Europe, Latin America and Caribbean regions.

19. The United Nations Conference on Sustainable Development (Rio+20) outcome document had called attention to the future the world wanted. The outcome document of the 2015 Conference in Addis Ababa could chart a vision for the future the world needed.

20. **Mr. De Lara Rangel** (Mexico) said that both the Monterrey Consensus and the Doha Declaration showed the Organization's commitment to narrowing the gap between developed and developing countries and should serve as guidelines for the deliberations on the post-2015 development agenda. As an act of solidarity, they also embodied one of the central goals of the United Nations. It was in the common interest of all countries to provide their citizens with an acceptable standard of living that guaranteed food, shelter, health and education.

21. While developing countries needed to take responsibility for their own national processes, to achieve sustainable development they needed support with respect to the debt relief, ODA and access to developed country markets. The third Conference on Financing for Development, in Addis Ababa, should build on the Monterrey and Doha outcomes and bring them up to date by including adequate measures for implementation and sufficient resources to address the challenges of financing the three pillars of development. The discussions of the High-Level Round Table on the Global Partnership for Development should be a useful point of reference in considering the financial implications of a truly universal, inclusive and transformative sustainable development agenda.

22. **Ms. El Midaoui** (Morocco) said that financing for development should take into account the challenges that faced not only developing countries but also the international community as a whole, including protection of the environment, global warming, climate change and the promotion of international peace and security. In a world of constant change, global partnership would be indispensable to financing the post-2015 agenda.

23. While ODA was critical, it was also important to explore the use of new tools, without excluding traditional ones, and to better align assistance with country-specific strategies. Debt relief was equally crucial, since the debt burden was a systematic deterrent to development. In addition, since commerce remained the engine of growth and generated resources for development financing, access to markets and the removal of tariffs and other obstacles should be at the heart of all financial strategies for development.

24. Her delegation believed that new, predictable sources of financing were critical and commended the work of the Leading Group on Innovative Financing for Development. Morocco had hosted the ninth African Development Forum, on innovative financing for the transformation of Africa, which had been held in Marrakesh in October under the joint auspices of the Economic Commission for Africa. The Forum had discussed innovative financing for mobilization of national resources, the promotion of capital investment for growth and transformation, new partnership designs and the creation of funds to finance adaptation to climate change. The meetings had led to the adoption of a Marrakesh consensus, a call to action by the African countries to their own continent and to their development partners.

25. The international community should not abdicate its responsibilities in the face of poverty, precariousness and exclusion, which remained fertile ground for the exacerbation of conflicts, extremism, terrorism and rejection of the other.

26. **Mr. Versegi** (Australia) said that the Monterrey Consensus had taken a holistic approach to development finance that focused on both mobilization and more effective use. However, the world had changed since 2002. The upcoming Addis Ababa conference would be an opportunity to take into account the changing nature of financial relationships and to ensure that the impact of development financing was enhanced by knowledge-sharing and technical cooperation. The conference should draw on the range of policy options outlined in the report of the Intergovernmental Committee of Experts on Sustainable Development Finance, with a view to tailoring strategies to individual countries and empowering developing countries to finance their own development.

27. There were a number of steps that could be taken to promote mobilization of domestic resources. His country had long been working with the Solomon Islands to improve tax collection and compliance, resulting in a threefold increase in tax revenues since 2003. It had also championed efforts within the Group of 20 (G-20) to reduce the estimated $US 1 trillion per year that was lost by developing countries through illicit financial flows. However, public financing, whether domestic or international, would never be sufficient to achieve development ambitions. It was crucial for developing countries to have access to private-sector financing, which generated 90 per cent of all jobs. Development of local capital markets was particularly important to small and medium enterprises, because companies that could borrow in the same currency in which they earned revenue were protected against foreign exchange risk. The work of institutions like the International Finance Corporation helped to provide financing in local currencies that might otherwise not be available to the private sector in emerging markets.

28. As president of the G-20, Australia was also focusing on addressing infrastructure gaps. Having completed an assessment of project preparation

facilities in Africa, the G-20 had embarked on a similar assessment for Asia. His country had contributed $US 20 million to the Philippines Public-Private Partnership Centre to help prepare, tender and award 26 infrastructure projects valued at over $US 7 billion. It was also working to boost global trade while reducing barriers, and advocating for the participation of developing country producers in international agricultural trade. International public finance remained important, and Australia had increased its ODA by 500 per cent since 2000. The Addis Ababa conference would provide an opportunity to rethink how ODA could be used to build capacities and unlock investment flows, and to update the Monterrey consensus based on what had been proven to work.

29. **Mr. Manongi** (United Republic of Tanzania) said that the Addis Ababa conference would provide an opportunity to review implementation of the Monterrey Consensus and the Doha Declaration. The reports of the Intergovernmental Committee of Experts on Sustainable Development Financing and the Open Working Group on Sustainable Development Goals were important inputs into that process.

30. Developing countries continued to face difficulties accessing financing for infrastructure and agriculture, as foreign direct investment tended to flow into the extractive industries and capacity for revenue collection was often limited. While public assistance alone could not deliver sustainable growth, the least developed countries remained highly dependent on ODA, and his delegation called on the developed countries to fulfil their commitments in that regard. Domestic resource mobilization needed to be viewed in the context of differing capacities. Countries with the ability to take measures such as strengthening tax administration, widening the tax base, cutting remittance costs, increasing private sector involvement, and strengthening the banking and financial sectors should be encouraged to do so, while those requiring assistance to take such measures should continue to receive international support.

31. Illicit financial flows were depriving Africa in particular of resources which could have been used for development, and his Government fully supported initiatives to reduce such flows. His country was fully in compliance with the standards of the Extractive Industries Transparency Initiative, and was also a member of the Open Government Partnership and a supporter of the Regional Anti-Corruption Programme for Africa (2011-2016) and the African Tax Administration Forum. He called on developed countries to play a bigger role in tackling illicit financial flows, in line with General Assembly resolution 55/188 on preventing and combating corrupt practices. His delegation also wished to underscore the importance of a multilateral mechanism to follow up pledges and commitments made by the United Nations and the international financial institutions. Fair representation and a strengthened voice for developing countries were indispensable for building confidence in global economic governance.

32. **Mr. Momen** (Bangladesh) said that as finalization of the post-2015 development agenda approached, ensuring a more pro-poor and pro-development international financial system was more important than ever. Unfortunately, the Secretary-General's reports had shown how far off that goal still was. With a share of less than 2 per cent of international trade, the least developed countries were not benefiting from international trade as an engine for development. Unless the agreements reached at the 2013 ninth World Trade Organization (WTO) Ministerial Conference in Bali on duty-free and quota-free market access, preferential rules of origin, and the preferential treatment of services and service suppliers were implemented, the Istanbul Programme of Action's goal of graduating half of developed countries by 2020 would not be achieved. There was also a declining trend in ODA to the most vulnerable countries, with some sub-Saharan countries actually seeing a decrease in real terms.

33. His country had a particular interest in reducing the cost of remittances, and was working towards a financial system that was pro-people and pro-planet. His delegation looked forward to the Addis Ababa conference and stood ready to contribute to a post-2015 development agenda that promoted a pro-poor economic system that reduced inequalities rather than marginalizing least developed countries even further.

34. **Mr. Rimouche** (Algeria) said that although there was a general consensus that the international financial system needed to be reformed with a view to avoiding the errors of the past, there had been little actual progress towards that goal. Despite steps to increase the weight of developing countries on the Executive Board of the International Monetary Fund, the credibility of the Bretton Woods institutions as a whole

continued to suffer because of a lack of genuinely democratic representation.

35. As various countries sought to emerge from underdevelopment, there were a number of steps that might be taken to build a more equitable global economic order. The global economic and financial system should be reformed to enhance its ability to prevent crises and promote development. The Bretton Woods institutions should be made more effective and more representative. International financial markets needed to be better regulated to guard against the proliferation of high-risk instruments and instability in financial flows. The international trading system ought to be fair and non-discriminatory. Such changes should be brought about through an inclusive and transparent dialogue within the United Nations that included input from developing countries.

36. Since the 2000 Millennium Declaration, the international community had recognized the importance of ODA to development financing. However, despite the commitments made at Monterrey, Johannesburg and Doha, measures actually taken had thus far not made it possible to achieve the development goals. Concerns in the developed countries about their own economies in the wake of the economic slowdown should not divert attention from Goal 8 of the MDGs on a global partnership for development. With only five countries having met the 0.7 per cent ODA target and failure to conclude the Doha round continuing to impede market access for products from the most vulnerable countries, the international community needed to act to ensure that the financial crisis did not delay achievement of development goals and prevent fresh resources from being mobilized to deal with the challenges posed by climate change and natural disasters.

37. **Mr. Dingha** (Republic of the Congo) said that the Intergovernmental Committee of Experts on Sustainable Development Financing had emphasized the use of all forms of financing and recognized that each country had primary responsibility for its own development. He commended the Committee of Experts for approaching its task in the spirit of the Monterrey Consensus and the Rio + 20 outcome document, and hoped that the post-2015 development agenda would similarly reflect the commitment of the international community to sustainable development in its three economic, social and environmental dimensions.

38. While ODA was not a panacea, it remained significant for countries that lacked the capacity to finance their own development, and in particular countries in special situations. South-South cooperation should continue to complement North-South cooperation. It was important to optimize synergies in order to gain maximum benefit from all financing sources: public and private, domestic and international. His country had been a participant in the Leading Group on Innovative Financing for Development since its inception in 2006. He commended the 11 countries in the euro zone that had decided to levy a tax on financial transactions beginning in 2016. His Government would be imposing a solidarity contribution tax on domestically produced oil that would be used to fight chronic malnutrition among schoolchildren. The Republic of the Congo looked forward to taking part in the preparatory process for the Addis Ababa conference, which it hoped would build on the Monterrey Consensus, the Doha Declaration, and the relevant recommendations of the Intergovernmental Committee of Experts.

39. **Ms. Schwalger** (New Zealand) said that her delegation regretted the failure of the World Trade Organization to overcome distorting subsidies and trade protections that hindered greater global prosperity. It considered the Doha Round to be the best path for addressing such issues. As a small open economy dependent on trade and a well-functioning international financial market, New Zealand was well placed to understand the concerns of emerging and developing economies, and their interest in using external debt to bridge funding gaps for public investments. International frameworks governing such debts needed to be strengthened in order to maintain the confidence of both debtors and creditors.

40. Despite the improvement in the economic performance of low-income countries over the past decade, continued global efforts, guided by the Monterrey Consensus and the Doha Declaration, were needed to create economic opportunities, end poverty and promote sustainable development. Finding the resources necessary for development financing was a difficult but not insurmountable challenge. Preparations for the upcoming Addis Ababa conference had been encouraging, and the third United Nations Conference on Small Island Developing States recently held in Samoa had demonstrated that durable

partnerships could deliver effective outcomes. While global aggregates were an important measure of international development efforts, it was critical for the to maintain a focus on smaller and more vulnerable countries that had unique resource and capacity constraints.

41. **Mr. Hajilari** (Islamic Republic of Iran) said that while some blamed globalization itself for the negative impact of the ongoing global financial crisis, others believed that it was due to the rigidity of the international financial system, which had failed to properly incorporate globalization. With substantive discussions on the outcome of the Addis Ababa Conference already ongoing and work on the post-2015 development agenda about to begin, the international community had a responsibility to ensure more gain and less pain in the future for the majority. Development goals could only be achieved with well-defined means of implementation, a sound international financial system and responsible behaviour on the part of the countries with the lion's share of the international economy. The Addis Ababa conference should not only fill gaps in the implementation of the Monterrey Consensus and the Doha Declaration, but should also produce a follow-up mechanism. Global financial institutions should be reformed, inter alia, to give a real voice to developing countries, ensure better regulation of financial flows, and improve exchange-rate management and policy coordination. The new system that emerged needed to have a fine-tuning mechanism that allowed for adaptation to new circumstances and did not lead to a situation where raising some above the poverty line meant driving others down below it.

42. **Ms. Beck** (Solomon Islands) said that the post-2015 development agenda offered an opportunity to change the way financing for development was administered. The global economic and financial architecture needed reform that covered financial regulation, sovereign debt, financial safety nets, surveillance, policy coordination, and governance reform for the international financial institutions. Mobilizing domestic resources was difficult for least developed countries, and financing should be made available to implement poverty eradication and environmental policies. ODA should remain consistent and predictable, and financing for development needed to be mindful of national ownership and the needs of countries with special circumstances. The Samoa Pathway had reaffirmed recognition by the international community of the unique challenges to poverty eradication and resilience-building faced by small island developing States.

43. Her delegation was particularly concerned about the skewed distribution of Aid for Trade resources. The share of international trade of the least developed countries still hovered around 1 per cent, and the failure to conclude the Doha Round continued to delay implementation of the market access provisions agreed to at the WTO Hong Kong Ministerial Conference. Development investment was also important for peacebuilding in post-conflict situations. The upcoming Addis Ababa conference would provide an opportunity to take steps to set aside dedicated resources to address supply-side constraints, operationalize Aid for Trade directly to support national development efforts, eliminate trade-distorting subsidies, convert the debt of the least developed countries and small island developing States into sustainable development programmes, and accelerate reform of the international financial system.

44. **Mr. Shcherbakov** (Ecuador) said that the eradication of poverty, the greatest challenge facing the world today, should be seen as both a political and economic issue.. It was not enough to set ambitious goals for the post-2015 development agenda; there had to be efficient and effective measures for their implementation.

45. Ecuador believed that it was vital to recognize the differences among countries and the diverse challenges they faced. Like many middle-income countries, Ecuador needed to address inequalities and therefore suggested that the post-2015 agenda, rather than defining poverty solely on the basis of income indicators, should make social and economic inclusion one of its core priorities.

The meeting rose at 4.40 p.m.