



**Statement by His Excellency Mr. Diego Aulestia Valencia
Ambassador and Permanent Representative of Ecuador on behalf of the
Group of 77 and China at the Third session of the Intergovernmental Group of
Experts on Financing for Development**

4 November 2019

Mr. President, Ambassador Mani Prasad BHATTARAI (Nepal)
Mr. Richard Kozul-Wright, Director, Division of Globalization and Development Strategies
Excellencies,
Distinguished panellists and participants,

1. I have the honour to deliver this statement on behalf of the Group of 77 and China.
2. The Group of 77 and China would like to congratulate Excellency Ambassador Mani Prasad Bhattarai, Permanent Representative of Nepal and to Excellency Ambassador Pedro Pedroso, Permanent Representative of Cuba for their election as Chair and Vice-Chair-cum-Rapporteur of the Third Session of the Intergovernmental Group of Experts on Financing for Development. Under your guidance we expect to obtain sound agreed policy recommendations contributing to multilateral dialogue on International development cooperation and interrelated systemic issues.
3. The Group of 77 and China would like to recognize the efforts made by the Division of Globalization and Development Strategies in organizing the Third Session of this Group of Experts, according to the mandate from the Nairobi Maafikiano. The outcome of this Intergovernmental Group of Experts is a relevant input for the discussions on financing for development held in United Nations bodies in New York, as evidenced in General Assembly Resolution 73/223. The Group of 77 and China commits itself to supporting the discussions of experts in this room, and to constructively facilitating the achievement of consensus.

Mr. Chair,

4. In almost all multilateral fora there is agreement on the important role official development assistance (ODA) plays as an instrument to attain Agenda 2030 and the Sustainable Development Goals. Member States are engaged within the framework of the United Nations System to dialogue on the best policy options to improve the efficiency of ODAs flows.

5. The Group of 77 and China would like to recall the work of the United Nations Inter-Agency Task Force on Financing for Developing in 2019¹. The key messages on international development cooperation contained in the report of this Task Force were, among others, that:

- (a) There is still limited data on allocation and use of ODA at the national and subnational levels. As humanitarian expenditure and in-donor refugee spending have risen, the share of ODA for country programmable aid (CPA) and budget support has decreased in recent years. There has been progress in untying aid, but informal tying remains;
- (b) While recognising achievements of several donor countries, ODA providers should continue to strengthen efforts to meet the commitments they have made—including by collectively redoubling their efforts—to ensure that ODA, as a critical source of development finance, can deliver on the transformational ambition of Agenda 2030;
- (c) Bilateral and multilateral providers have scaled up blended finance. To ensure that scarce concessional financing has the greatest development impact, providers of blended finance should continue to engage with host countries at the strategic level, to ensure that priorities in their project portfolios align with national priorities;
- (d) Climate finance flows increased by 17 per cent from 2013–2014 to 2015–2016 but are still below the commitment by developed countries to jointly mobilize \$100 billion a year by 2020 from a wide variety of sources to address developing countries' climate financing needs.

6. Recent update of the data presented in the previously mentioned Financing for Sustainable Development Report 2019, based on OECD Development Assistance Committee (DAC) figures, shows that while net official development assistance (ODA) has grown steadily in nominal terms over the past decade, it has declined again since 2016, with net bilateral ODA by DAC members to least developed countries (LDCs) falling by 2.7 per cent in 2018. The total ODA flows from DAC members reached 0.31% of their GNI in 2018².

7. The Group of 77 and China expresses its concern about these findings. We count on the experts attending this meeting to deepen the dialogue on the pressing issues regarding ODA. Constructive recommendations will help host and donor countries improve ODA effectiveness.

Mr. Chair,

8. The Group of 77 and China would like to recognize the efforts made by donor countries in order to fulfil their ODA-related commitments. Nevertheless, the commitment reached at the third United Nations Conference on the Least Developed Countries has not been fulfilled. The ODA target of 0.7 per cent of DAC country gross national income (GNI) and 0.15 to 0.20 per cent of GNI to least developed countries can make a difference to millions of lives.

¹ Financing for Sustainable Development Report 2019

<https://developmentfinance.un.org/sites/developmentfinance.un.org/files/FSDR2019.pdf>

² Global ODA, and aid for least developed countries, falls 2.7 per cent in 2018

https://developmentfinance.un.org/sites/developmentfinance.un.org/files/FSDR%202019%20ODA%20Data%20Update_April%202019.pdf

9. The Group of 77 and China would also like to remind ourselves that the wider target of 0.7% of DAC members' GNI was established as part of the pioneering work of UNCTAD. The discussion of these matters within an UNCTAD forum, such as this, is therefore particularly relevant. Access to concessional external financing remains of core importance for a wide range of developing countries, all the more so under current circumstances of wide-spread and rising financial vulnerabilities.

Mr. Chair,

10. There is a patent interest among member States in contributing to the debate on innovative financing mechanisms. Transparent processes to improve the conceptual framework of innovative mechanisms, such as blended finance, will contribute to better understanding of the functioning of such mechanisms, to the sharing of best practices and to the more efficient use of resources.

11. The Group of 77 and China considers that research by international organizations points to areas that need to be carefully considered when using blended finance mechanisms for delivering development aid, to mention a few of them:

- (a) National financing and budget plans should serve as a guide to these discussions. Providers of blended finance need to engage with host countries at the strategic level, to ensure that priorities in their project portfolios align with national priorities, respecting the principle of country ownership and leadership;
- (b) There is a need to define mechanisms that allow least developed countries (LDCs) to access blended financing in ways that are appropriate to their particular needs. As mentioned in the Secretariat Note for this meeting, LDCs receive a minor share of such financing flows, concentrated in few sectors; and
- (c) Combined efforts should be placed on monitoring and evaluating blended financing mechanisms. Enhancing transparency and evaluation will improve the efficiency in the use of funds. As mentioned in the Agreed Policy Recommendations 22 and 23 of this Group of Experts at its first session in November 2017, careful consideration is to be given “to the appropriate structure and use of blended finance instruments to ensure that projects involving blended finance, including public–private partnerships should share risks and rewards fairly, include clear accountability mechanisms and meet social and environmental standards”. At the same time, they highlight “the need for a common understanding of blended finance to serve as a basis for a transparent and clear reporting system”, respectively.

12. Public and private finance are not substitutes. Different financing costs, risk and return profiles and social equity considerations affect which financing and capital structures are most appropriate for different investments³.

Mr. Chair,

13. South-South Cooperation and development banks of the Global South play a fundamental role in helping developing countries attain the objectives of Agenda 2030. The Group of 77 and China recognizes the growth in volume of multilateral development financing and the contribution made by multilateral development banks.

³ A/74/260 par 17 <https://undocs.org/A/74/260>

14. The Group of 77 and China would also like to recall the principle that South-South Cooperation cannot replace official development cooperation from developed countries. The immense amount of funding needed to attain the Sustainable Development Goals requires multilateral action to mobilize sufficient resources to where they are needed.

Mr. Chair,

15. We look forward to a rich discussion on these important issues.

I thank you.