



**Statement by His Excellency Mr. Nasir Ahmad Andisha
Ambassador and Permanent Representative of Afghanistan on behalf of the
Group of 77 and China at the Fourth session of the Intergovernmental Group of
Experts on Financing for Development**

25 January 2021

His Excellency Ambassador Khalil-ur-Rahman Hashmi, Permanent Representative of Pakistan and Chair of the Fourth Session of the Intergovernmental Group of Experts on Financing for Development,
Madame Deputy Secretary-General of UNCTAD Isabelle Durant,
Director of the Division of Globalization and Development Strategies Richard Kozul-Wright,
Excellencies,
Distinguished panellists and participants,

1. I have the honour to deliver this statement on behalf of the Group of 77 and China.
2. At the outset, the Group of 77 and China would like to congratulate His Excellency Ambassador Hashmi of Pakistan, as well as Mr. Slimane from the Permanent Mission of Morocco for their respective election as Chair and Vice-Chair-cum-Rapporteur of the Fourth Session of the Intergovernmental Group of Experts on Financing for Development. We offer the full cooperation and support of our Group for bringing this meeting to a successful outcome under your lead.

Mr. Chair,

3. Little over 14 months ago we met at the Third session of the Intergovernmental Group of Experts on Financing for Development. At that meeting, our Group already expressed its concerns for worrying trends of debt accumulation, reduced policy space and skewed financial and trade flows, which altogether rigged the game against developing countries. In the intervening period, we have seen the world economy ravaged by unprecedented levels of global economic slowdown which, coupled with reductions in foreign direct investment, sluggish commodity prices and unsustainable levels of debt, make for a very steep climb out of the crisis we face.
4. Developing countries in particular have been most severely hit by the pandemic. Not only through the loss of life and sanitary impact of the virus itself that burdens often insufficient health infrastructure; but also economically, mainly due to the limited ability to provide adequate liquidity and sustain output the way advanced economies are doing. Indeed, an array of systemic constraints limits the fiscal space to face the crisis effectively and puts developing countries in the unfortunate and unsustainable position of mitigating the damage rather than averting it.

5 With this outlook in mind, one fundamental element of our discourse needs to be revised if we compare against November 2019: many developing countries are not only now unable to reach the level of sustained growth and inclusive development needed to achieve Agenda 2030; but have faced a wipe-out of the progress achieved over many years in just a matter of days and weeks. Our aspirations have been downgraded from advancement to mere recovery.

6. In about a year's time we will have reached 20 years from Monterrey. We agreed on our resolve to address the challenges of financing for development around the world, particularly in developing countries; and fixed a goal to eradicate poverty, achieve sustained economic growth and promote sustainable development as we advanced to "a fully inclusive and equitable global economic system". We furthermore then expressed our worry for the shortfall of resources to achieve the Millennium Development Goals. Yet 2015 came and went, we agreed on a new set of goals for 2030, only to find ourselves now, in early 2021, in a position that many would argue is more precarious in many respects.

7. As you are all aware, a few months back we adopted as a Group our position paper for UNCTAD 15. The common beliefs and aspirations of our Group on financing for development are clearly captured therein. We have for instance reiterated our view of Official Development Assistance as a key element in the financing for development mixture, as has been repeatedly recognized by the international community. Yet, we believe in ODA that is aligned with the principles of national ownership, with national development strategies, systems, priorities and institutional settings of recipient countries.

8. While recognising the 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.

9. We believe in the role of investment, both public and private, to provide valuable resources for inclusive and sustainable growth. Overall, we believe in resource mobilization strategies that channel resources to poverty eradication. Nevertheless, a hard, long look at the world makes us realize that not only have we not been advancing, but that we in fact might have been going the wrong way.

10. The Group of 77 and China would once again like to recognize the efforts made by the UNCTAD Secretariat and in particular the Division of Globalization and Development Strategies, in organizing the Fourth Session of this Group of Experts in accordance with the mandate from the Nairobi Maafikiano.

11. We have taken careful note of the *Note by the UNCTAD Secretariat* prepared as background for this meeting, prepared in the best tradition of the developing country perspective that characterizes the work of UNCTAD. Our Group can only express its concern for some of the trends highlighted in this report, in particular growing imbalances that pose an increasingly important threat to development.

12. The analysis provided by UNCTAD puts figures on an issue that is evidenced by the growing inequality between and within countries: the lion's share captured by capital and the wages of highly skilled workers in the distribution of income. This imbalance in the distribution of income is also evident in the opposing trends of decreasing labour income and increasing net income of major transnational corporations, which also underpins and reinforces a worrying trend of market concentration.

13. Yet, perhaps the most worrying trend in the analysis presented by the secretariat for this meeting and through its recent publications, most notably the 2020 Trade and Development Report, is the increasing accumulation of debt in developing countries which, coupled with the impact of the pandemic, has formed a perfect storm from which many developing countries will struggle to recover.

14. Developing countries are faced with higher costs of external liabilities than other countries and often simply with the inability to secure appropriate financing. The calls for unconditional liquidity relief have not been heeded. The response has merely taken the form debt repayment suspensions that cover a limited number of countries and of liabilities. There is thus no sustainable solution yet to the pervasive vicious circle of debt and poverty.

15. As we face the ongoing pandemic and its aftermath, we need to rethink conditions for finance, particularly as other sources of finance, such as FDI and income from commodities, are set to remain weak in the foreseeable future.

16. I would like to therefore reiterate one of the main messages our Group agreed on as our position for UNCTAD 15: Dealing with debt vulnerabilities will be a central issue in the post pandemic world. There is thus a need to assist developing countries in attaining long-term debt sustainability as well as securing their financing for development needs.

17. Our Group therefore takes positive note of the recommendations contained in the *Note by the UNCTAD Secretariat* for more effective multilateral policy coordination to boost international development finance and strengthen support to developing countries. The Group of 77 and China considers these recommendations to be a valuable contribution to the ongoing debate on financing for development and debt.

18. Indeed, as outlined by the Secretariat, with developing countries bearing the brunt of the asymmetries in the global economy, only coordinated solutions at the multilateral level will be able to provide global solutions for global challenges. This is why our Group wishes to reiterate our calls for a reform of the international financial architecture, to ensure that it has an inclusive governance that caters for the aspirations of developing countries for a more equal and inclusive world.

19. The United Nations System has been playing a leading role in this discussion. Our Group believes that it should continue to do so. It is best positioned to do so, as the only truly global and inclusive multilateral forum. In this connection, the work of UNCTAD is particularly appreciated by our Group, through its to support global efforts on financing for development and towards a durable solution to the debt problems of developing countries.

Thank you, Mr. Chair.