Statement of Algeria
Sixth session of the intergovernmental group of experts on financing
30th November 2022

Thank you, Chair, for giving me the floor.

I join previous colleagues in congratulating you Chair, and the Vice-Chair-cum-rapporteur, for your election to drive our work.

This statement is aligned with the ones delivered by the distinguished representatives of Tanzania and Palestine, respectively on behalf of the G77+China and the Arab group.

My delegation would like to thank the keynote speakers for their addresses earlier this morning. Special thanks to the Permanent Representative of Pakistan to the UN, Chair of the the G77 New York chapter, for his time and coming from the other side of the Atlantic in order to engage with us here in Geneva.

Thanks to UNCTAD's Secretariat for the useful background note, and thanks to the Director of the Division on Globalization and Development Strategies, for the presentation of the note before us.

The theme of this sixth session of the IGE is timely. Financing for development to respond and recover in an era of interrelated and global crises, is exactly what the world needs today in order to face the current multi-dimensional challenges and come back on track to achieving the SDGs.

Mr. Chair,

It is quite worrisome to learn from the Secretariat note that there is little immediate prospect of a return to easier global financial conditions, and that the present situation appears to resemble the years preceding the debt crises of the 80s and the situation in the 90s, which for many developing countries was a lost decade for development.

As pointed out by Ambassador Akram of Pakistan, there is a deficit of solidarity. This should be addressed. We hope the international community will act quickly and adequately to prevent the past situations from happening again, and UNCTAD has of course an important role to play.

We still fall short on Official Development Assistance commitments and the target of 0.7 per cent of gross national income; only five members achieved this target.

Multilateral development banks play an increasingly important role in crisis contexts, with a growing suite of specifically designed crisis response financing mechanisms. But it is not enough. MDBs should do more.

It seems that, by far, the greatest response to the pandemic, and the only truly global one, was the new general allocation by IMF in August 2021 of special drawing rights equivalent to about $650 billion. Unfortunately, as IMF members benefit from such allocations in proportion to existing quotas in the Fund, over 60 per cent of the allocation was directed to advanced economies, which are the least in need of supplementary foreign exchange reserves.

The global financial safety net, comprising conditional and unconditional emergency lending by IMF, regional financial arrangements and bilateral currency swap arrangements between central banks, enlarged tenfold after the global financial crisis. However, this did not cover all countries equally, and low-income countries and some lower middle-income countries are excluded from the greatest and most unconditional crisis finance elements.

Middle income countries face several financing challenges. In addition to the middle-income trap, where middle-income countries can, among other things, no longer compete internationally because wages are relatively too high, they face concessional financing gaps due to some eligibility criteria which remain questionable.

On the domestic side, the Secretariat note indicate that addressing the financing gap requires developing countries to improve tax collection, by both widening the tax base and raising the effective tax rate.

However, it is of a concern that the note is silent on illicit financial flows and return of stolen assets.

Moreover and from a financing perspective, developing country endeavors to increase tax revenue have been hindered by the international corporate tax system, which dates from a model developed at the League of Nations in the 1920s.

The note highlights the facts that the G77 and China, at their forty-fifth ministerial annual meeting in November 2021, "reiterated the need to strengthen international cooperation on tax matters, recognizing with–concern that there is still no single global inclusive forum for international tax cooperation at the intergovernmental level".

This note, dated September 2022, seems slightly outdated on the issue of tax matters.

Last week, the UN Second Committee adopted by consensus a millstone resolution for high standard of transparency and inclusiveness, entitled « Promotion of inclusive and effective international tax cooperation at the United Nations ». The Director of the Division on Globalization and Development Strategies alluded to this resolution in his intervention, and it was also mentioned in the G77+China statement.

This resolution put forward by the African Group in New York paves the way toward new intergovernmental talks on global tax policy. The resolution provides the groundwork for a new UN convention on tax.

Probably the critical part of this resolution is operative paragraph 2, by which the UNGA decides to begin intergovernmental discussions in New York at the UN on ways to strengthen the inclusiveness and effectiveness of international tax cooperation through the evaluation of additional options, including the possibility of developing an international tax cooperation framework or instrument that is developed and agreed upon through a United Nations intergovernmental process.

Despite an attempt by one delegation to modify this operative paragraph 2, the proposed amendment was rejected following a vote.

We hope this resolution, submitted by the African Group, will be adopted by the UNGA during the upcoming weeks by consensus, without any further attempt to amend it.

With that, we look forward to fruitful discussion during the four sessions of agenda item 3, and to the adoption of bold and appropriate agreed policy recommendations.

I thank you.