

**Statement on behalf of the Group of 77 and China by H.E. Ambassador
Munir Akram, Permanent Representative of Pakistan to the United Nations,
at the Special High-Level Meeting of the Economic and Social Council with
the Bretton Woods Institutions, the World Trade Organization and the
United Nations Conference on Trade and Development
(New York, 16 April 2007)**

Mr. President,

The G-77 and China welcomes the convening of the special meeting with BWI and WTO and UNCTAD and their high-level participation.

2. This meeting is a good opportunity to focus on the central challenges to universal development in the current context. An effective response to these challenges requires clear analysis, policy clarity and the political will to implement agreed policies.

3. The decisions of the 2005 UN Summit encapsulated the agreed commitments of all Member States on development. These commitments include the MDGs, but also the other development goals internationally agreed at the series of major international conferences and summits held over the last decade – the Monterrey Consensus on FFD, the Doha Trade Conference, the Johannesburg World Summit on Sustainable Development and others. Additional and specific commitments were undertaken during 2005 in the context of the UN Summit.

4. Developing countries have demonstrated a sincere commitment to implement their part of these commitments – to devise national development strategies, improve governance, and create a macro-economic climate conducive for growth, trade and investment. Unfortunately, our development partners have not demonstrated a similar alacrity in implementing their part of the commitments whether in development assistance and financing, trade, technology transfer and other areas of cooperation.

5. For instance, in contrast to the commitments to increase development assistance, ODA flows actually declined in 2006 and are expected to decrease further. There are similar shortfalls and constraints in implementing other commitments relating to technology transfer, environment, migration, as well as the specific commitments to the most vulnerable – the least developed the landlocked and the small island developing countries.

6. The Group of 77 and China has consistently called for effective monitoring of the implementation of the MDGs and the IADGs. We believe that, while there are some indicators to measure progress achieved with regard to the first seven MDGs, specific benchmarks and targets should be developed to measure the

implementation of MDG 8 as well as the IADGs. We call on UN – specifically DESA, UNCTAD, UNDP, as well as the IMF, World Bank and the WTO, to contribute to the elaboration of such specific benchmarks to facilitate the monitoring of implementation of MDG 8 and the other IADGs. The G-77 & China propose that, as a first step, the UN and other concerned organizations, help in preparing a comprehensive matrix of the commitments undertaken under MDGs 8 and other internationally agreed development goals. Thereafter, specific benchmarks could be indicated, including through work by the Committee for Development Policy and the Statistical Commission, to measure the implementation of specific agreements and commitments. The G-77 will move a specific proposal to achieve this objective.

7. The availability of such specific means to monitor implementation will be an effective tool for the purposes of the Annual Ministerial Review and the Development Cooperation Forum to be held by ECOSOC in accordance with GA resolution (No. 61/16) adopted early this year.

8. The AMR, to be conducted at Ministerial level, at the substantive session, should review the status of implementation of various commitments and provide policy guidance on the operational steps required for their realization.

9. The Development Cooperation Forum will, we hope, receive and review the reports on the operational activities of all UN and other development agencies, including the BWIs. This mechanism should serve to enhance the effectiveness and coherence of international development cooperation and its responsiveness to national development plans and strategies. There are several policy issues, especially those relating to the quantity and quality of development financing as well as the governance of development cooperation activities which need to be addressed. These issues are also likely to arise in the context of the consideration of the report of the HLP on System-Wide Coherence.

10. Even as we focus on the implementation of the MDGs and the IADGs, it is important not to lose sight of the major and multiple challenges which the developing countries continue to confront within an increasingly globalized but unequal international economy. The G-77 & China wishes to ensure that the UN and other international financial and economic institutions address these central challenges effectively and coherently. It is appropriate to refer to some of these challenges today.

11. **First**, financing for development: For the majority of the developing countries, concessional development financing remains an essential input for the realization of the MDGs and other national development goals. Despite the commitments made in 2005, and promises of \$50 billion in additional assistance, the level of ODA flows in fact declined in 2006 and is likely to continue declining. Moreover, it is unfortunate that realization of ODA targets relies so heavily on debt cancellation and re-structuring which does not ensure, in cases, any net

inflows of immediately usable resources for development. There is a need for actual and immediate concessional financing.

12. **Secondly**, for the large part, the development assistance offered – multilaterally and bilaterally – is not responsive to national policies and plans, since it is mostly earmarked to donor determined sectors and projects. UNDP, for instance, will have \$ 1 billion in “core” funding and \$5 billion in “non-core” or earmarked funding during this year. At present, over 45% of the funding provided by UNDP is devoted to projects and programmes relating to governance, while only 25% is being spent on poverty programmes. Moreover, such development financing is often accompanied by conditionalities, it is tied to procurement from the donor country and often expended largely on expensive consultants and experts from UN agencies or donor organizations.

13. **Thirdly**, the level of development financing in many cases is less than the outflow of resources from the concerned developing countries, due to growing trade deficits, transfer of invisibles and capital flight. The flow of FDI is focused mostly on a small number of dynamic “emerging markets”, with most developing countries starved of investment finance.

14. The need for a reform of the international financial system is well recognized. The need for reform is evident from the growth, integration and volatility of financial and currency markets, the accumulation in almost \$ 3trillion in foreign exchange reserves by developing countries, and the net outflow of resources from the developing to the developed countries which increased last year to over \$700 billion. Certainly, global growth and development cannot take place in these circumstances. The Group of 77 & China supports a comprehensive reform of the international financial architecture, including enhancement in the voting powers of developing countries, in a time bound manner. The reform efforts should also address the objectives for which the IMF was created: **one**, to ensure financial stability, and **two**, to ensure access to (short-term) financing for those countries which actually need it. The G-77 and China will continue to press for such a fundamental reform of the international financial system, and its governance architecture, in all relevant forums.

15. Similarly, we believe that there is insufficient focus on the development dimension of international trade in the Doha Round and other trade negotiations. As presently structured, the Doha Round is likely to:

One, only marginally reduce the huge subsidies and support for agriculture provided by the richer countries while retaining constraints on competitive production in developing countries and threatening food security for the poorest;

Two, drastically reduce industrial tariffs. Indeed, some fear a process of de-industrialization in the less competitive developing countries.

16. The Doha Round, moreover, will not address other development issues e.g.

- the constraints imposed by the TRIPS regime in sectors like health and education;
- the “new protectionism” at the North imposed through anti-dumping and similar measures such as new and arbitrary standards;
- the non-inclusion of the Doha Commitments to provide special and differential treatment to the developing countries.

17. Even the least developed countries which have been promised “duty-free and quota free” access by the EU, and a “free ride” by others, are unlikely to gain from the Review. They will be unable to take advantage of their access because they do not have the capacity to provide the goods and services, centrally not on a competitive basis. The “Aid for Trade” initiative is a good concept; but its size and scope is limited; and its impact, even if adequately enlarged, will not be meaningful for several years at least.

18. Outside the trade field, the restraints on access to technology, specially advanced technologies which could address critical development problems, are now major manifestation of inequality between the developed and the developing countries. There is now clear evidence of the constraints placed on development by certain aspects of the TRIPS regime. This regime needs to be reviewed, both by WIPO, the WTO and UNCTAD, to assess and rectify its development dimension. Similarly, the constraints imposed by other technology control regimes, including those imposed ostensibly for security reasons, need an impartial review in the relevant forums, such as the CSTD. Thirdly, we must find ways to fund R&D on the priority problems of the developing countries. A list of such priority areas for R&D should be drawn up by the relevant international organizations, in cooperation with the developing countries and arrangements made to direct financing, including by institutions and corporations in the developed countries, to conduct R&D on these priority problems.

19. It is our expectation that the deliberations in the United Nations and Councils of the major powers, specially the Group of 8 Summit, will address the entire matrix of the global challenges to universal economic development, prosperity and human well-being. The G-77 and China will pursue its priority goals actively and persistently in all relevant forums, including the summer high-level segment of ECOSOC. We hope our views will be adequately reflected in the conclusions of this meeting.

I thank you.
