



**STATEMENT ON BEHALF OF THE GROUP OF 77 AND CHINA BY H.E. AMBASSADOR MAMABOLO, PERMANENT REPRESENTATIVE OF THE REPUBLIC OF SOUTH AFRICA, CHAIR OF THE GROUP OF 77 CHINA, AT THE ROUND TABLE ON ENSURING POLICY COHERENCE AND AN ENABLING ENVIRONMENT AT ALL LEVELS FOR SUSTAINABLE DEVELOPMENT AT THE THIRD INTERNATIONAL CONFERENCE ON FINANCING FOR DEVELOPMENT (Ethiopia, Addis Ababa, 14 July 2015)**

Honourable Moderator,

i have the honour to deliver this statement on behalf of the Group of 77 and China.

At the outset, I would like to once again acknowledge with sincere thanks and appreciation the stewardship and the hospitality of the Ethiopian Government in hosting the Third International Conference on Financing for Development.

The Group of 77 and China acknowledge the need to further mainstream sustainable development at all levels, integrating economic, social and environmental aspects and recognizing their inter-linkages, so as to achieve sustainable development in a balanced manner and in all its dimensions. It is therefore important to uphold the principle of common but

differentiated responsibilities (CBDR) in financing for development so as not to dilute the importance and centrality of North-South Cooperation.

With regards to the global partnership for development, the Group' position is well known: South-South cooperation is not a substitute for, but rather a complement to, North-South cooperation.

The Group of 77 and China would like to emphasize the importance for sustainable development of ensuring policy coherence and an enabling environment at all levels. The Group believes that developed countries need to demonstrate leadership and commitment in this context.

The Group of 77 and China is of the firm view that the issue of policy space for national governments must be respected. Individual Member State regulations on public domestic financing must be the prerogative of national governments, in accordance with their own specific needs, objectives and imperatives. The manner in which other forms of financing are incorporated must also recognize the role of governments in regulating financing channels to fund their development programmes.

In the interests of policy coherence, it is again incumbent on the Group to emphasize that the Financing for Development process should not undermine or replace the outcome on Means of Implementation contained in the SDGs.

In addition, in order to ensure an enabling environment at all levels, the notion of universality should not be invoked to achieve narrow political gains. Universality should be seen as a complement to the principle of

differentiation, and a balance of both is well captured in the principle of common but differentiated responsibilities (CBDR) In other words, the notion of universality does not stand on its own, but must invariably be seen in conjunction with the principle of CBDR.

As early as 2002, the Monterrey Consensus recognized that an enabling domestic environment is vital, and efforts to create such an enabling domestic environment should be supported by the international community.

In the context of policy coherence and an enabling environment at all levels, the Group believes it is necessary to strengthen international tax cooperation to tackle tax avoidance and evasion, including reaching agreement in the Financing for Development process on an official definition of cross-border illicit financial flows (IFFs) and upgrading the United Nations Tax Committee into a standing inter-governmental committee.

Whilst the Group of 77 and China acknowledges the importance of private finance to support sustainable development, it remains the Group's submission that public funding should always take precedence over private financing. The two cannot be put on an equal footing. Private finances are by-and-large profit-driven. Also, the correct balance between domestic and international financing should be maintained, as reflected in the Monterrey Consensus.

Furthermore, private finance, including foreign direct investment and various forms of private sector investments, must facilitate structural change, technological upgrading and productivity growth for developing

countries, while also preserving national policy space so that domestic development can benefit from foreign investments.

Trade will remain an engine for development and should be at the heart of developing countries' global partnership strategies. This will always be elusive to the G77 and China as long as a universal, rule-based, open, non-discriminatory and equitable multilateral trading system is not agreed upon.

Key issues pertaining to trade which have been outlined in Goal 17 of the Sustainable Development Goals, such as agricultural subsidies, must be taken into consideration in this International Conference.

The Group of 77 and China would like to urge that the reform process of the governance structure of the Bretton Woods Institutions (BWIs) be finalized as soon as possible and that they should be much more ambitious. An accelerated plan needs to be established for further reforms in representation, participation and parity of voting power for developing countries in the decision-making process within the BWIs and in all discussions on international monetary reform and in the operation of the new arrangements for special drawing rights in the International Monetary Fund (IMF), on the basis of criteria that truly reflect its mandate and with the participation of all stakeholders in an equitable, transparent, consultative and inclusive process.

The Group of 77 and China calls for an increase in foreign direct investment (FDI) to enable economic growth in developing countries. There is a need to strengthen project preparation and prioritize projects with the

greatest potential, in order to promote full and productive employment and decent work for all, structural transformation and sustainable industrialization, productive diversification and in agriculture and rural development.

The Group would like to urge the international community, including international financial institutions and multilateral and regional development banks (MDBs), to increase its support to projects and cooperation frameworks that foster regional and sub-regional integration, with special attention to Africa, and that enhance participation and integration of small-scale industrial and other enterprises, particularly from developing countries, into global value chains and markets. We call for the MDBs, including regional banks, in collaboration with other stakeholders, to address gaps in trade, transport and transit-related regional infrastructure, including completing missing links connecting LLDCs, LDCs and small island developing states (SIDS) within regional networks.

We also recognize the importance of adequate, balanced and effective protection of intellectual property rights in both developed and developing countries, in line with the underlying public policy objectives of national systems for the protection of intellectual property, including developmental and technological objectives.

The Group holds the view that developed countries also need to further commit to promote an enabling environment at all levels for sustainable development. These include implementing an action-oriented agenda, inter alia, focusing on the following:

- Strengthening public interest exemptions under the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs) for health and technologies for climate change mitigation and adaptation;
- Scaling up ODA for science and innovation to support research and development, and technology diffusion, as well as national innovation funds and innovation centres;
- Ensuring intellectual property regimes and the application of TRIPS flexibilities are fully consistent with sustainable development;
- Setting up and implementing a technology facilitation mechanism to promote the development, transfer and dissemination of clean and environmentally sound technologies to developing countries on concessional and preferential terms, to support achievement of the SDGs;
- Setting up, expeditiously, the Technology Bank for LDCs;
- Encouraging United Nations specialized agencies, funds and programmes with technology-intensive mandates to further promote the development and diffusion of relevant technologies through their respective work programmes.

The Group of 77 and China also supports the view that sustainable debt financing is an important element for mobilizing resources for growth and development. The Group of 77 and China believes that some of the greatest development reversals have occurred in episodes of external debt crisis. The Group has therefore sought to ensure that the outcome in Addis Ababa reflects sufficient progress in this area.

Important regulatory financial reforms are important to avert future crises similar to the 2008 global financial crisis that was triggered in the developed economies. Even today, the consequences of the crisis have adverse effects on small and developing economies of the South. Exchange rate stability is also particularly significant in the current context of changes in the monetary policies of developed countries. The systemic issues that are the focus of the Financing for Development process are therefore pertinent in this regard.

In the final analysis, the Group acknowledges that all countries take primary responsibility for our own development and are committed to the common objective of growing our economies, increasing job creation, in particular amongst the youth and women, and, most importantly, eradicating poverty and inequality.

I thank you!