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**2018 ECOSOC Forum on Financing for Development Follow-up**

STATEMENT

By

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ON BEHALF OF THE CARIBBEAN COMMUNITY

(CARICOM)

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Please check against delivery

Mr. President,

I have the honour to deliver this statement of behalf of the 14 Member States of the Caribbean Community (CARICOM). We align ourselves with the statements made by Egypt on behalf of the Group of 77 and China, El Salvador on behalf of the Community of Latin American and Caribbean States (CELAC) and the Maldives on behalf of the Alliance of Small Island States (AOSIS).

Mr. President,

We have gathered at this third forum on financing for development follow-up to reaffirm the critical role that the implementation of the Addis Ababa Action Agenda has on the successful implementation of the SDGs, and to review critically and deliberately the progress made in the financing for development outcomes and the means of implementation of the 2030 Agenda for sustainable development. CARICOM welcomes the 2018 report of the Inter Agency Task Force (IATF) on Financing for Development, as a useful substantive input to our deliberations this week.

CARICOM has always emphasized that the implementation of Addis has to be realized within the new international development policy context; its scope which builds on achievements to date from Monterrey and Doha seeks to address new challenges arising from an evolving and complex landscape. The United Nations Secretary General in reference to the findings of the IATF report captures succinctly our current global landscape with promising examples of reform and gains in advancing the 2030 Agenda, which are under pinned by a broad based recovery in the world economy. He goes on to state that the pace of change however is insufficient, and that significant financial, political and environmental risks threaten to derail progress.

It is in this context of “the old normal” characterized by fast economic growth with the return of increasing costs, inflation, rising interest rates and greater volatility, that CARICOM Member States contend with the challenges that continue to negatively impact our national SDG implementation efforts. In addition more frequent and intense natural disasters compound the persistent challenging macroeconomic conditions and decelerating trade growth that continue to impede our progress toward sustainable development.

The IATF report consistently highlights the finance constraints for SIDS both in the context of domestic resource mobilization and in accessing public and international resources. In the case of ODA - while over half of SIDS depend on it for external financing, signifying the important role of ODA for our countries - we note with great concern that ODA to SIDS is projected to remain stagnant. We therefore support the recommendation in the report for special attention and monitoring of financing, including in particular ODA to SIDS to be undertaken. CARICOM continues to make the case that it is necessary to uphold the long standing commitment to ODA, which remains a lifeline for many developing countries.

Mr. President,

Climate change presents a fundamental sustainable development challenge for CARICOM Member States; its effects cannot be overstated. The availability and ready accessibility of climate finance for SIDS is therefore critical. We join our voice with AOSIS on the limited treatment in the IATF report on climate finance. We would welcome further elaboration of the issue given the devastating impact of climate change on our region and the increasing magnitude of our climate finance needs especially for adaptation.

In like manner, CARICOM is of the view that correspondent banking requires more in depth treatment than the report offers. The loss of correspondent banking relations threatens our financial inclusion in the global economy as it is through these relations that a number of payment systems are facilitated, including international trade, cross-border payments and transmission of remittances. The IMF has concluded that without these banking relationships, businesses are cut off from international trade and financing, families are unable to collect remittances from relatives working abroad, and foreign investors may be unwilling to invest if there is a risk they will be unable to repatriate their profits.

The process known as de-risking where large international banks terminate or severely limit their correspondent banking relationships with smaller local (indigenous) and regional banks, in an effort to reduce exposure to risks associated with money-laundering and financing of terrorism, has negative implications for the Caribbean and for our prospects to access or stimulate private finance. CARICOM Heads of Government have continued to emphasize that correspondent banking is an important global public good and that the current de-risking strategy is discriminatory and counterintuitive to good public policy.

Mr. President,

One cannot work toward sustainable development without the availability and access to high quality and disaggregated data. CARICOM continues to stress the importance of strengthening the gaps in data and statistical capacity and call for enhanced international cooperation to this end.

CARICOM notes with particular interest the continued discussions on blended finance, which combines concessional financing from the public sector and governments with investment from the private sector, with the goal of scaling projects of sustainable

impact and provide, at least, part of the solution to the gap in funding for the SDGs. The IATF report notes that while the use of blended finance is increasing, vulnerable countries are being bypassed. It goes on to recommend that providers will need to take steps to ensure that vulnerable countries do not see a fall in their overall share of international development finance; and suggests that can be done by increasing public investment and by exploring how to effectively deploy blending in challenging contexts.

To date there have been limited studies on the current role and the future potential of blended finance and its comparative advantages for ending poverty in relation to other possible uses of ODA. Additionally blended finance projects may not align with country plans, and countries with small scale economies such as SIDS and LDCs may not be as attractive as larger scale economies because of a smaller return on investments to the private sector. Additional efforts therefore are required to monitor, evaluate, and assess the sustainable development impact of blended finance including in the case of vulnerable countries as SIDS.

Mr. President,

CARICOM remains committed to working toward the effective implementation of the sustainable development goals, which is vital to the re-shaping of future development and ensuring the sustainability of all our nations for future generations.

Thank you.