



**STATEMENT OF THE GROUP OF 77 AND CHINA
AT THE THIRD SESSION OF THE PREPARATORY COMMITTEE
FOR THE FOURTH INTERNATIONAL CONFERENCE ON FINANCING FOR
DEVELOPMENT DURING ITS CONSIDERATION OF THE DRAFT OUTCOME
DOCUMENT OF THE CONFERENCE: ADDRESSING SYSTEMIC ISSUES
THURSDAY, 13 FEBRUARY 2025**

**Distinguished Co-Chairs,
Excellencies,
Distinguished delegates,**

I have the honor to deliver this statement on behalf of the Group of 77 and China.

Excellencies,

The Group considers that actions to accelerate the reform of international financial architecture will be critical to measure the success of the fourth international conference on Financing for Development in Sevilla. This is of utmost importance as it needs to deliver in creating international financial institutions that are fit for purpose in closing the SDG financing gap.

The G77 and China will advocate for the highest level of ambition in the advancement of long overdue reforms that are fundamental to ensure a fair and inclusive global economic governance, and to enhance the voice and representation of developing countries in international economic decision-making and norm-setting.

In paragraph 52, the Group supports most of the content. However, it is our view that we should focus more on Member States' expectations on the impact of the reform and how to advance it, recognizing gaps in existing mandates. We would also request the paragraph to highlight the relevant role of the United Nations in global economic governance and that it is of utmost importance to deliver more effective, credible, accountable, legitimate and inclusive institutions.

Under the section global economic governance paragraph 53, we appreciate the reference to the need to enhance the representation and voice of developing countries in norm-setting, global economic governance, and decision-making in international economic and financial institutions. We also consider that this

paragraph should indicate the need to align the work of international financial institutions with the needs of developing countries to achieve Sustainable Development Goals.

On **items a) to d)** we would like to see more direct language when requesting action from the Executive Boards and relevant bodies within international financial institutions.

On the content of these items, the Group is in broad support. In a), we highlight the critical importance of quota realignment and support the restoration of basic votes to 1/9th at IMF, to protect the voice of the poorest members. We also emphasize the need to end the normative agreement on the nationality of Directors of the International Monetary Fund and World Bank, which shall be a main purpose in c).

With regards to the global safety net, the Group is overall supportive of paragraph 54. In item a), we encourage IMF Executive Board to continuously review and enhance the adequacy of its resources, lending policies, and toolkit for timely and effective support. This will ensure adaptability to the changing environment and responsiveness to future crises. In b), the language should be stronger in support of the suspension of surcharges during disasters and exogenous shocks.

In c), we should enhance the effectiveness of the Resilience and Sustainability Trust, including accelerating the implementation of its pandemic preparedness workstream, while reducing conditionalities for developing countries in need of access to these resources. We also highlight the importance of widening the scope of the Resilience and Sustainability Trust, as developing countries face critical challenges that are not limited to climate action and future pandemics, but also digital transformation and trade. Finally, we welcome the reference to increasing the resources of the Poverty Reduction and Growth Trust.

In d), we would like to focus on SDRs rechanneling and new issuance to address liquidity and debt crisis and catalyze public investment in sustainable development. We welcome the proposal in e) as part of the efforts of exploring ways to enhance the role of SDRs, including SDR allocations that respond specifically to the needs of developing countries, while recognizing members' voluntary financial contributions. The Group also believes that new approaches should be considered to respond to future crises and shocks, but also to support the achievement of SDGs.

On regulation for a sustainable financial system, the Group would like to welcome this section and call for its retention as it is an element essential to create a positive enabling environment for developing countries that was not sufficiently addressed in the Addis Ababa Action Agenda. We emphasize the importance of regulatory regimes in **paragraph 55** to encourage credit ratings to be more accurate, objective and long-term oriented, although greater clarification on how these regimes will be operationalized would be appreciated.

On item **a)** we note the proposal of an annual special high-level meeting under the auspices of ECOSOC for dialogue among Member States and critical stakeholders of the financial sector. We believe, however, that the proposal could be improved, since meetings limited to dialogue are often not enough to create the transformations we need.

On item **b)**, this language currently falls significantly short on ambition, as it is already contained in Addis Ababa Action Agenda. An action to enable this commitment should be introduced, as the focus of Sevilla is on deliverables.

The focus of **paragraph 56**, which delves into banking regulation, has the potential to tackle unfavorable conditions for developing countries related to high cost of capital, mispricing of risks and overall biases in the banking system that disincentivize investment in developing countries. The G77 and China welcomes some key elements in this paragraph.

On item a), we welcome the review of Basel III as it has the potential to correct some of the biases in the banking system that work against investment flow to developing countries. We very much appreciate that the results are to be presented to the ECOSOC FFD Forum so they can be analyzed in an intergovernmental and inclusive setting. We also welcome the proposal to develop a prudential banking regulation framework to address difference in risk profiles in **c)**.

Finally, **on public payment systems**, we consider the proposals contained in **paragraph 57 a) and b)** very important to support developing countries harnessing the benefits of digital currencies.

The Group looks forward to engaging in the Intersessional sessions of informal consultations to provide specific language to this section.

I thank you.