BRAZIL

Second Committee
International Financial System
and Financing for Development

Statement by
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Deputy Permanent Representative

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(Check against delivery)
Mr. Chairman,

I would like to thank the Secretary-General for his reports and the timely information, conclusions and recommendations he puts forward to assist us in our debate.

My delegation aligns itself with the statements delivered by Fiji on behalf of the Group of 77 and China, as well as by Cuba on behalf of CELAC, and would like to add the following comments in its national capacity.

It has now been five years since the onset of the global financial crisis and, despite signs of recovery in some developed countries, it is far from clear at this juncture that this will become a sustainable trend. The prospect of a resumed global recession is still very much with us, particularly in light of the lingering sovereign debt crises in some Eurozone countries and the possibility of a serious debt issue in the world’s largest economy.

While we recognize that development is primarily a national endeavor, restoring sustainable growth to the world economy is the collective responsibility of the whole international community. Remodeling the relationship between fiscal and monetary policies, while tackling the imbalances and gaps in global economic governance structures, particularly with regard to the international financial institutions, will not only contribute to the more immediate goal of a strong, sustainable and balanced recovery, but will also be essential for building an enabling environment for the post-2015 development agenda.

From Brazil’s perspective, developed and developing countries need to find the appropriate mix of fiscal adjustment and stimulus measures. This involves four main areas.

Firstly, we must keep the macroeconomic focus on the resumption of economic growth and job creation. Sound macroeconomic and fiscal policies must be reinforced by strong social protection programs. Inclusive and equitable social policies must be advanced not only for their intrinsic value, but also as an essential tool for reactivating aggregate demand.

Secondly, countries—especially developed ones—need to put in place short-term stimulus measures. Indeed, past decades’ experience shows that achieving fiscal space and sustainability in the medium term is possible only through sustained economic growth.

Thirdly, developed partners—especially issuers of international reserve currencies—have to recognize and take into account the spill-over effects of their monetary policy decisions, especially on the developing country nations.

And last but not least, capital control and macro-prudential measures must be taken into consideration and regarded as effective and legitimate tools to avoid excessive volatility of capital flows originating from unconventional monetary policies of developed countries.

Mr. Chairman,

Moving towards more legitimate and effective global economic governance requires redoubling our efforts towards the reform of the Bretton Woods institutions. Adequate representation for the developing world is essential to strengthen the global financial safety net and mobilize new and
additional financial resources aimed at promoting a sustainable economic path for debt-ridden countries.

In that regard, we note with serious concern the delayed implementation of the 2010 IMF Governance and Quota Reform as well as the postponement of a new comprehensive review of the quota formula. These are long overdue measures that are needed to better reflect the current global economic realities and enhance the voice and representation of developing countries.

Mr. Chairman,

At the Special Event on the Millenium Development Goals held during the General Debate of the 68th Session of the General Assembly, Heads of State, Ministers and High Officials renewed their political commitment to accelerate the implementation of all MDGs. They also committed to promoting sustainable development in the context of an intergovernmental post-2015 development agenda.

There is an emerging consensus that an ambitious, transformational and yet practical intergovernmental post-2015 development agenda must pursue the eradication of poverty and hunger as an overarching goal. It should also provide guidelines for collective action towards an integrated, balanced and universal paradigm that combines sustained economic growth, social inclusiveness and environmental sustainability.

One of the key outcomes of the Rio+20 Conference is the commitment made by all Member States and the UN system to mainstream sustainable development across the development agenda, including financing for development. The systemic approach of Monterrey Consensus and the Doha Declaration provides a useful platform for the implementation and follow-up process of Financing for Development, provided economic, social and environmental sustainability are mainstreamed in their considerations.

In this regard, we welcome the ongoing work of the Open Working Group and the Committee of Experts on Sustainable Development Financing in their task to define Sustainable Development Goals and design a strategy to facilitate the mobilization of existing resources, as well as the identification of new and innovative sources of financing, and their effective use in achieving sustainable development objectives.

Mr. Chairman,

As agreed in Doha, Member States need to make a decision by the end of 2013 to convene a Conference on Financing for Development. This event must take place no later than 2015. One of its expected results is the establishment of a financing for development commission as a subsidiary body of the Economic and Social Council. Brazil is firmly convinced that these are necessary steps to, firstly, bridge the gap between political commitments and implementation and, secondly, ensure adequate means of funding the post-2015 development agenda.

Brazil wishes to draw attention to the urgency for the General Assembly to launch a preparatory process for the organization of such a conference and calls on Member States and the UN system to support it.

Mr. Chairman,
From an integrated perspective, sustainable development will be everyone’s responsibility, from governments to companies, from the international community to individuals. While Sustainable Development Goals (SDGs) will require a more varied source of financing, Official Development Assistance will continue to be critical for actions towards the eradication of poverty and hunger. However, we note with serious concern the overall reduction of ODA levels for the second consecutive year. This comes at a time when official development assistance should be expanding to compensate for falling global demand and private flows.

In that regard, we reiterate our call on developed partners to fully implement their international commitments on development assistance made in the United Nations Millennium Declaration, in the Monterrey Consensus, at the 2005 World Summit, at the G8 Summit in Gleneagles, in the Doha Declaration for Financing for Development, in the outcome document of Rio+20 and, more recently, in the outcome document of the Special Event on MDGs, in particular with regard to the delivery of 0.7% of their GDP on ODA to developing countries, including the target of 0.15 - 0.20 per cent of ODA to the LDCs.

On the other hand, while we recognize the importance of partnerships, we wish to underscore that the use of private sector and other non-budgetary resources to finance initiatives of the Organization should be subjected to the supervision of Member States and should never come at the expense of the regular resources traditionally dedicated to the development pillar.

We also invite donor countries to promote “aid effectiveness” through scaling-up their existing bilateral and multilateral ODA and setting clear and transparent timetables within their national budget allocation processes so as to reach the agreed levels of ODA to developing countries. For the sake of “aid effectiveness”, unmet ODA commitments must have their total carry-over taken into account in the context of a post-2015 development agenda. Furthermore, in an era of low interest rates, there should be more transparent and objective parameters to measure concessionality in loans granted to developing countries so that they are not unduly counted as ODA.

Mr. Chairman,

Brazil looks forward to engaging in this debate in a constructive manner so as to help the UN deliver The Future We Want, especially for those populations and countries further left behind.

Thank you.