

**Remarks by Alicia Bárcena, Executive Secretary of the Economic Commission for Latin America and the Caribbean (ECLAC), at the opening of the Second Retreat of the Group of**

**Friends of Monterrey**

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**Club de Banqueros**

**Mexico City**

Ambassador Ulises Canchola, Acting Head of the Mexican Agency for International Development Cooperation (AMEXCID),

Noel González, Coordinator for Development Cooperation Fora of the Mexican Agency for International Development Cooperation (AMEXCID),

Stephan Reichert, Deputy Head of the Donor Relations Division of the Federal Ministry for Economic Cooperation and Development of Germany,

Michael Gerber, Special Envoy for Global Sustainable Development of Switzerland,

Frederick Musiiwa Makamure Shava, President of the Economic and Social Council (ECOSOC),

Ambassador Marie Chatardova, Permanent Representative of the Czech Republic to the United Nations and Vice-President of the Economic and Social Council (ECOSOC),

Ambassador Dian Trianyah Djani, Permanent Representative of Indonesia to the United Nations and Chair of the Second Committee,

Government representatives,

Excellencies,

Representatives of public and private organizations,

Representatives of international agencies,

Colleagues of the United Nations system,

Friends,

It gives me great pleasure to participate in the opening of this event today and I take this opportunity to convey the warm wishes of the United Nations Under-Secretary-General for Economic and Social Affairs, Wu Hongbo.

The mandate undertaken in the Addis Ababa Action Agenda, in July 2015 in the framework of the World Conference on Financing for Development, to create an annual forum under the auspices of ECOSOC especially devoted to this subject is a key step, as well as an additional and inseparable pillar of the ambitious and comprehensive 2030 Agenda for Sustainable Development. It will be an important part of efforts to finance the 2030 Agenda and to achieve the 17 civilizing Goals which include eradicating poverty, achieving sustainable and inclusive growth and creating an inclusive and equitable global system of finance and trade.

Meeting the challenges posed by this development agenda requires a strong commitment to multilateralism and cooperation at the global, regional and national levels.

It requires taking stock of the transformative international processes that led to the great shifts that have occurred in the various summits on financing for development (from Monterrey (2002) to Addis Ababa (2015)) and of the guiding principles underlying the commitments adopted on those occasions.

The processes that culminated in the International Conference on Financing for Development, held in Monterrey (Mexico, 2002), and the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus, held in Doha, took place in a very different economic and political context to the process that resulted in the adoption of the 2030 Agenda for Sustainable Development and the Paris Accord.

The Conferences at Monterrey and Doha were based on a traditional understanding of development assistance with a North-South —or donor-recipient— rationale. They applied the concept of “levelling the playing field” to the various subjects they addressed. Conversely, the Rio Declaration on Environment and Development, adopted at the Earth Summit in 1992 and confirmed in Johannesburg in 2002 and in Rio in 2012, as well as the resolution adopting the 2030 Agenda,<sup>1</sup> went a step further and were guided by the principle of common but differentiated responsibilities.

But the sphere of application of this principle was confined to the environment, while “levelling the playing field” continued to be the rallying principle of trade and finance.

The 2030 Agenda for Sustainable Development is also universal and indivisible and is inspired by a comprehensive and integrated vision. It brings together the various dimensions of

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<sup>1</sup> General Assembly resolution 70/1 “Transforming our world: the 2030 Agenda for Sustainable Development”.

sustainable development: the economic (including finance and trade), the social and the environmental. Most importantly, it is an agenda that is equally mandatory for all countries — not prescriptive for developing countries with the assistance of developed countries, as the Millennium Development Goals agenda was.

However, to effectively integrate these different dimensions into an overarching framework, the principle of common but differentiated responsibilities must be applied across the board. It must refer not only to environmental stewardship and to climate change mitigation and adaptation, but also to the other areas, such as trade, technology and finance and resource mobilization.

The 2030 Agenda for Sustainable Development supposes a paradigm shift; a deep transformation in the current style of development, which requires moving towards more inclusive societies. The universality of this principle requires the inclusion of all income groups in the different countries, and this means considering sustainability in all activities and addressing the causes of climate change, as well as eradicating poverty through decent work together with respect for human rights.

In turn, the Addis Ababa Action Agenda states that to fully implement the priorities of the 2030 Agenda, a major mobilization of resources will be required, both public and private. It also calls for financial architectures at the global, regional and national levels to govern the globalization process and build financial stability. It calls for an improvement in the governance structure of multilateral financial institutions —which is asymmetrical in the representation and

participation of emerging economies and middle-income countries— and for a boost in countries' own capacities to channel resources for development financing.

The challenge is even greater in an international context in which, as described in the 2017 report of the Inter-Agency Task Force on Financing for Development, the global and regional conditions of growth, trade and investment are not conducive to mobilizing development financing. As the International Monetary Fund (IMF) stated last week, “impediments to a stronger recovery and a balance of risks that remains tilted to the downside...remain important challenges”.<sup>2</sup>

However a slight recovery of world growth is projected, from 3.1% in 2016 to 3.6% in 2018. But binding structural impediments continue to hold back a stronger recovery. We have low productivity and high income inequality and pressures for inward-looking policies are increasing in advanced economies.

The Inter-Agency Task Force report also emphasizes that world regions that, like Latin America and the Caribbean, are made up chiefly of countries that are mostly middle-income but have great differences between them, poor economic growth is combined with low rates of national saving and complex fiscal situations. This poses major challenges for public policy and for the means of implementation of development financing.

The fiscal space and the availability of resources will continue to be limited. Public finances will therefore have to undergo comprehensive and sustained reforms in order to secure public solvency, protect investment, protect the gains made in social areas and broaden tax resources.

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<sup>2</sup> International Monetary Fund (IMF), *World Economic Outlook: Gaining Momentum?* Washington, D.C. April 2017.

In the sphere of public financing, countries are aiming to shore up demand, repair balance sheets, place public debt on sustainable paths and adjust to lower commodity revenues. It is imperative to improve tax systems in the region, which collect too little in most of the countries, owing to the very low rates of tax paid by the richest decile, a high rate of evasion of income tax and indirect taxes —estimated by ECLAC at 6.7 GDP percentage points, some US\$ 340 billion in 2015—, and tax bases that have been eroded by the proliferation of tax incentives.

This is why the Committee of Experts on International Cooperation in Tax Matters of ECOSOC is so relevant for our region.

Nevertheless, it must be recalled that in a region as heterogeneous as Latin America and the Caribbean, the countries have very different capacities to mobilize resources. In some of the countries, such as small island developing States, small size is a heavy constraint on domestic resource mobilization.

On the external financing front, many changes have occurred in the financing for development landscape in the past decade.

For middle-income countries such as most of those in Latin America and the Caribbean, these changes may be summarized as the relative decline in more traditional forms of development financing, such as official development assistance (ODA), and the emergence of new actors, mechanisms and sources of finance.

In this last category we have new donors who are not members of the Development Assistance Committee (DAC), innovative financing mechanisms and climate funds, among others. All these are playing a stronger and more visible role in development finance.

Although these changes in the financial panorama have broadened the development financing options, they have also increased the complexity of coordinating and combining the range of actors, funds, mechanisms and instruments under a coherent financing for development architecture. This is particularly the case in relation to innovative financing mechanisms and climate funds, which need more clarity in terms of development objectives, sources of funding, and conditions of use and access.

Also, the relative decline of traditional developmental flows, such as ODA, should not distract attention from the need to stop excluding countries from development finance resource flows on the basis of per capita income criteria alone, if funding is to be deployed efficiently and effectively to accelerate progress toward sustainable development across all income levels.

Lastly, mapping out the development finance landscape is insufficient to allow countries to adopt a strategic, integrated and long-term approach towards financing for development. The existing multiplicity of financial options does not amount to effective access.

The countries within Latin America and the Caribbean have very different capacities when it comes to effectively accessing private finance. Governments and the private sector must resume their dialogue to tackle the multiplicity of access requirements and conditionalities in private finance, because these make it difficult for countries to take a strategic approach to

financing their development priorities and to assess the impact and effectiveness of development finance sources.

Domestic resource mobilization is a key pillar of the post-2015 financing for development architecture. However, this does not mean that responsibility for the development process should lie with national policies alone. Our region's countries need to make the effort to put their fiscal policies in order, including those on tax evasion.

Domestic resource mobilization strategies must be placed within the broader context of an enabling external environment. This requires a profound shift in the means of implementation, including the international trade system and the conditions that govern the transfer of knowledge and technology to developing countries.

This external environment must reflect the importance of developing economies in its governance structure, avoid discrimination in access to funding, guarantee stability as a global public good, enhance the international trade participation of developing countries—including middle-income countries—and open up opportunities to reap the benefits of technology and knowledge transfer and acquisition.

Friends, I hope that the summary of the conclusions of this retreat will be important inputs for the 2017 ECOSOC Forum on Financing for Development in May and for the high-level political forum which meets every year in July in New York.

In just a few days—from 26 to 28 April—Mexico City will host the first meeting of the Forum of the Countries of Latin America and the Caribbean on Sustainable Development, which



exemplifies the efforts of our region's countries to move forward in a comprehensive manner and with a global-South approach to sustainable development.

The Forum is a permanent mechanism which is inaugurating a new participatory multi-stakeholder methodology and its outcomes represent the regional contribution to the high-level political forum on sustainable development.

At this meeting, the countries of the region will have the opportunity to reflect on their medium-term development strategy, strengthening integration as the only tool for tackling present and future challenges.

Today, more than ever, multilateral cooperation and integration needs to be supported and broadened in order, among other things, to rise to the challenges of resource mobilization. The 2030 Agenda and the Sustainable Development Goals are global, not only in the sense that they are universal because they are intended to include all countries, and that many of the Goals make sense only if they are approached on a planetary scale. They are also global because national efforts can be either enhanced by international cooperation, or badly compromised without it.

Thank you very much.