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**STATEMENT**

**BY**

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**REPUBLIC OF KENYA TO THE UNITED NATIONS**

**ON BEHALF OF THE AFRICAN GROUP**

**ON**

**AGENDA ITEM 48:**

**FINANCING FOR DEVELOPMENT**

**IN THE SECOND COMMITTEE PLENARY**

**OF THE 63<sup>RD</sup> SESSION OF**

**THE GENERAL ASSEMBLY**

**ON 16TH OCTOBER 2008,**

**NEW YORK**

**Please check against delivery**

**Madam Chair,**

I have the honour to speak on behalf of the African Group. The African Group associates itself with the statement made by Antigua and Barbuda on behalf of the Group of 77 and China.

**Madam Chair,**

Let me address this meeting by highlighting the some of the concerns of Africa during this review conference:

1. Since Monterrey, most African countries have markedly improved their governance, macroeconomic and fiscal management. External debt indicators have improved in most countries. The increased inflow of private resources, improved mobilization of domestic resources, economic and financial reforms, and promotion of economic stability have all contributed to the improvement of economic performance in Africa. However, African countries most in need of capital have often been bypassed by investors because of structural challenges which need international action. We believe that the review of the Monterrey Consensus should focus on addressing Africa's needs by supporting the implementation of the recommendations of Africa Steering Group on Millennium Development Goals ( MDGs); the needs identified in the Political Declaration on Africa's Development Needs and the programmes and projects under the New Partnership for Africa's Development ( NEPAD) framework.

2. Over the years, there have been various efforts by the World Trade Organization to bring back on track the multilateral trade negotiations but so far without much success. Agriculture and for that matter primary commodities remain the backbone of Africa's exports. Therefore the contention still surrounding agriculture and Non Agriculture Market Access (NAMA) as among the main issues hampering the trade negotiations, is not only unfortunate, but it is hurting Africa's exports. This current stalemate is denying African countries an opportunity to gain from multilateral rule-based trade regime and consequently the capacity to address development challenges through trade incentives. We therefore call on all countries, particularly the developed countries to demonstrate the necessary flexibility and political will to ensure a successful round of negotiations.

3. There has been some progress in multilateral and bilateral debt relief and cancellation efforts in Africa within the framework of the Heavily Indebted Poor Countries (HIPC) and the Multilateral Debt Relief Initiative (MDRI), benefiting a number of countries on the continent. However, as the Secretary General notes in his report on external debt, looking beyond the average shows that the improvement of the debt situation in developing countries is driven in part by the performance of a few countries, and that debt ratios are driven in part by favourable external conditions. It therefore goes without saying that the emergence of the current financial crisis in the developed world has the potential to reverse the current trend, and invariably wipe out any gains so far made on the debt situation in Africa.

4. In addition, it is important to recognize that there are still many low-income and other African countries with unsustainable debt burden that are currently not benefiting from any of the debt initiatives. While some of these countries have considerable difficulties in reaching the completion point due to their inability to fully implement IMF-sponsored reform programmes, other decisions on qualification for relief have unfortunately been based on political considerations rather than development needs of the affected countries. A comprehensive solution to the debt burden of Africa will require mobilizing additional resources to cover the projected cost of debt relief to countries with protracted arrears to multilateral financial institutions.

**Madam Chair,**

5. Rapidly rising demand for commodities in developed and a number of developing countries, particularly in Asia, has led to price increases for many commodities in recent years and to an impressive increase in South-South trade in commodities. More than half of the commodity trade of developing countries is now accounted for by trade among these countries, with such trade increasing in all regions. African countries also account for a fair share of the growth in world commodity demand.

These developments, and new trends such as biofuels production and the growing variety of specialty products and end uses, have opened up new challenges and opportunities for African countries, especially those with high commodity dependence. We believe that one way of supporting African countries during the review conference on financing for development is to support implementation of aid for trade in order to further diversify their exports.

6. According to various reports, total Official Development Assistance (ODA) flows have grown in real terms over the past decade. A significant part of this increase reflects debt relief, which is making important contributions to country-level financial resources and progress. However, there is a concern that total ODA actually declined in real terms in 2006. The pledges made in 2005 to double aid to Africa by 2010 have not yet been translated into increased total donor resources for programs on the ground. The Accra Agenda for Action on Aid Effectiveness provides a new paradigm on aid effectiveness and we do hope that the various actions being adopted to salvage the global financial markets will not lead to measures that will dampen the prospect of increasing assistance, as well as meeting commitments already made to Africa.

7. Financing of Climate Change response should relate to both adaptation and mitigation. The threat of climate change is such that we need to perfect existing mechanisms and evolve new financing modalities in order to stabilize greenhouse gas concentrations in the atmosphere at a level that would prevent catastrophic adverse impacts. Developing countries, especially African countries, least developed countries and Small Island developing states are particularly vulnerable to climate change. We necessarily need to adapt. Adaptation and meeting the cost of response measures requires financing. We do not anticipate that the issue of financing climate change will escape the focus of the review conference on financing for development with the clear understanding that such moves will not lead to a reduction in quantity and quality of resources earmarked for other development activities.

**Madam Chair,**

8. Within the current context of the global economic slowdown, and the high food and energy prices, turning vision into concrete results will require very strong resolve and clear leadership from both African countries and the international community. We trust that the Review Conference in Doha will come up with action oriented outcomes and reinvigorate enthusiasm towards meeting the commitments made in Monterrey and other international conferences and summits.

**I thank you.**