

REPUBLIC OF



CYPRUS

**Statement by H.E. Mr. Markos Kyprianou**

**Minister of Foreign Affairs**

**Republic of Cyprus**

**4<sup>th</sup> United Nations Conference on the Least Developed Countries**

**Istanbul, 9-13 May 2011**

Thank you Mr. Chairman,

At the outset, please allow me to extend my congratulations to you and the bureau on the assumption of your duties in steering the works of this auspicious body. I wish you every success in your important task.

Mr. Chairman,

The international community understands the importance of helping the least developed countries. Since 1981 we have adopted three programmes of action to mobilize global support for their social and economic development.

All three programmes of action have been implemented with the intention of evaluating, monitoring and subsequently reversing the negative trends previously shown by the LDCs in order to assist them and allow them to graduate from this status.

Since the implementation of the Brussels programme of action in 2001 the economic and social development in the least developed countries group has improved, despite differences in progress among individual LDCs.

During this period, the LDCs as a group grew by 6%, per annum, in terms of economic growth. Least developed countries have also made some progress in reaching some of the targets of the Millennium Development Goals. This is evidenced by the steady improvement in primary education, access to water and gender equality indicators.

At the same time political reform concerning democratization, transparency and judicial system transformation have generally advanced over the past decade, especially with respect to efforts to institutionalize democratic governance in their own processes and with respect to the empowerment of women.

The LDCs have also experienced decreases in debt services payments as a result of debt relief initiatives and have benefitted from a number of preferential trading schemes including duty-free quota-free treatment and improved the market access to the developed countries.

Foreign Direct Investment flows in the LDCs increased also by record level. It went from 6 billion USD in 2000 to 23 billion in 2007 although targeted mostly to extractive industries.

Mr. Chairman,

At the same time, we have to recognize that overall progress towards reaching the human and social goals of the Brussels Programme of Action is visible but still limited, varied and slow and that large imbalances persist within the LDCs with respect to gender, rural/urban populations and other disadvantaged groups.

It should also be noted that the structural transformation of the least developed countries that would put these countries on a path of sustainable growth was very limited thus maintaining their vulnerability to external shocks.

Chronic poverty, troubling maternal and child mortality rates and the staggering unemployment figures are just some of the salient figures of the LDCs. Poverty in the LDCs is severe, persistent and widespread. Around 53% of the population live in extreme poverty and 78% on less than two dollars a day.

Equally the demographic dynamics poses a serious threat to the LDCs. At present, this group of countries has a population of 880 million people and it is growing at the rate of 3.2% nearly twice as fast as that of the rest of the developing world.

The poorest and most vulnerable countries still have a long way to go to achieve the goals of economic, social and sustainable development, poverty eradication, employment generation, structural transformation and graduation from least developed country status.

Mr. Chairman,

The European Union continues to play a leading role in the development of the LDCs with its generous aid programme, investment projects and humanitarian efforts aimed at helping the most vulnerable progress towards sustainable development. This commitment is evidenced by our active engagement.

As the President of the European Commission speaking earlier on behalf of the European Union has stated, Europe has been, since its inception, a leader in development cooperation providing more than half of overall development aid.

The EU is the largest LDC donor and has, over the past decade, tripled its aid to the least developed countries, reaching an annual level of 15 billion euro which amounts to 0.13% of its GNI.

Furthermore, the EU is continuously striving to improve its development assistance to the least developed countries both quantitatively and qualitatively.

Cyprus as a new EU member and relatively new EU donor is making its own contribution to the least developed countries. Our national development cooperation programme is new and evolving. We allocate a substantial amount of our bilateral development aid to the least developed countries.

Recently Cyprus has decided to channel its Fast-start Finance contribution for 2010-2012 through the EU's Global Climate Change Alliance to climate-change-related projects in least developed countries. Nepal is our first partner for 2010.

Cyprus' development cooperation policy is premised on the principle of aid effectiveness and more specifically on the division of labour through delegated cooperation.

We join other lead donors in partner countries supplementing their contribution including in least developed countries. Our development programme also has a scholarship scheme for the least developed countries.

Mr. Chairman,

We all recognize that in this decade we are confronted both with traditional but at the same time with new and emerging challenges which increase the vulnerability of all countries and in particular of the least developed countries.

Our new development compact that we are about to adopt should recognize this changed and changing global context and focus more on these vulnerabilities by revising and redefining priorities to address them in our renewed partnership.

Official Development Aid continues to be the principal source of financing for the development of least developed countries and a conduit for productive capacity-building and infrastructure building and upgrading.

It is also a fact, however, that, in line with the Brussels Programme of Action, an increasing share of aid goes to the social sectors instead of the productive sectors and economic infrastructure.

We all recognize that some re-balancing is required in the new programme of action that we are about to adopt which will take into account the need for additionality between the social and productive sectors in order to avoid that an increase in one area would lead to a decline in another.

Enhanced and sustained aid flow is not enough. What is needed is not just the scaling-up of development aid but more importantly a qualitative increase. We should also explore the great potential of private financial flows and innovative sources of financing.

At the same time new players have emerged on the world scene. We need to harness the potential of South-South cooperation as a complement and a supplement and certainly not as a substitute.

As is reported, in recent years South-South development cooperation has expanded beyond expectations and several developing countries have considerably increased their involvement in development cooperation.

Other successful policies which we should renew in our global compact for the LDCs include debt relief and foreign direct investment which is crucial both to finance investment and as a means to acquire technological know-how, other tangible assets and skills, as well as, generating employment.

The graduation from the least developed country status is our ultimate aim.

The donor community must have in place, however, an exit strategy to allow for a smooth transition and with a view to avoiding abrupt disruption of the country's development. This would undoubtedly facilitate the graduation process considerably.

We in the EU also place particular importance to the principle of mutual accountability between least developed countries and partners at the national, regional and global levels.

These should be our key deliverables in our new global development pact.

Mr. Chairman,

A famous Nobel Prize Laureate in economics has said that there is no blueprint for growth and development just ingredients which can be put together in different ways.

This is our task. We know the ingredients and we need to put these together in a way which will allow for the realization of the enormous human resources potential of the least developed countries.

We should demonstrate to the peoples of the least developed countries our solidarity and support which they need and deserve so that they will achieve their socio-economic and structural progress and transformation and graduation.

I would like to reiterate our strong belief that in order to reach our global development goals, especially in the context of new and emerging challenges, we need a strong and inclusive global partnership with collective mutual responsibility.

In this context the least developed countries are, of course, the most vulnerable. This is precisely why we need a new global development pact in which all partners must have different roles but common goals.

Let this Conference show us the way ahead to reach our common goals and agree an agenda for the future on how to collectively make the greatest progress possible in the years remaining to 2015 and beyond.

Thank you Mr. Chairman.