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Statement by Mr. Amrit Bahadur Rai, Charge' d' Affaires a.i., of the Permanent Mission of Nepal to the United Nations, on behalf of the Group of the Least Developed Countries, at the Fifth High-Level Dialogue on the theme "The Monterrey Consensus and Doha Declaration on Financing for Development: status of implementation and tasks ahead", New York, 7 December 2011

Mr. Chairman,

I have the honor to deliver this statement on behalf of the Group of the Least Developed Countries (LDCs). Our Group associates with the statement made by the distinguished delegate of Argentina on behalf of the Group of 77 and China. We greatly appreciate the convening of this timely High-Level Dialogue on FfD, in accordance with the general Assembly resolution 65/314.

The World Economic Outlook published recently by the IMF characterized the world economy in terms of "slowing growth and rising risks". We express serious concern that under the current circumstances, the LDCs are unlikely to meet many MDG targets by 2015 due to the growing resource gap. There is no doubt that the LDCs should make substantial efforts to mobilize domestic resources, but their structural weaknesses significantly constrain their ability to do so. The LDCs, therefore, require robust international support measures to address their complex development challenges.

Moreover, the external environment continues to remain unfavorable for the LDCs. The share of the LDCs' in global trade has stood at 0.33 per cent (excluding oil) since the adoption of the Monterrey Consensus. The proportion of the LDCs' global exports actually enjoying duty-free and quota-free market access, in some cases, does not exceed 50 per cent. Greater product coverage of LDCs' interest and simplified rules of origin are, therefore, essential to enhance the development impact of DFQF market access.

We concur with the IMF assessment in its World Economic Outlook that the international community needs to "muster the political will and high-level attention to devise a credible plan to move the negotiations of the Doha Round of trade talks forward. Failure of the round could lead to fragmentation of the global trading system and a weakening of the WTO and multilateralism". The continuation of such an impasse is, therefore, not in the interest of the international community as a whole and the LDCs in particular.

While the Doha Round remains unconcluded, it is imperative that the provisions of the WTO Hong Kong Ministerial Declaration concerning DFQF provisions, particularly through necessary waiver to accelerating LDC services exports, preferential and more favorable treatment to services and service suppliers, and the elimination of trade distorting support measures for cotton must be implemented as early harvest. In this context, we appreciate the efforts currently being made at the Ministerial Conference in Geneva this month to reach a first-step Doha Round outcome.

We also express concern over the skewed distribution of aid for trade, as two thirds of the assistance goes to only 10 LDCs. In line with the Istanbul Programme of Action, our development partners should implement effective trade-related technical assistance and capacity building to the LDCs on a priority basis, including by enhancing the share of assistance to the LDCs for aid for trade and support for the Enhanced Integrated Framework. Given the economic vulnerability of the LDCs, we stress that new aid for trade commitments should be predictable, grant-based and additional to the existing ODA commitments.

Mr. Chairman,

ODA remains the largest source of external financing for all the LDCs. Therefore, it is a matter of serious concern that a huge gap still remains between the aid commitments and the actual delivery. ODA to the LDCs stands at 0.10 per cent ($37 billion) of aggregated GNI of OECD DAC donors, which is still well below the target of 0.15-0.20 per cent by 2015. Moreover, we note with concern that while country programmable aid to the majority of the LDCs is projected to increase by a total of $3.1 billion from 2009 to 2012, 13 LDCs are likely to face a reduction of $0.8 billion, with virtually no growth projected for 2012. In this context, we emphasize that the IPOA calls upon the donor countries to implement their ODA commitments by 2015 and consider further enhancing the resources for the LDCs thereafter.

We underscore that aid allocation should take into account recipients' needs and structural vulnerabilities and should be widely distributed. All external resources, including ODA, need to be fully aligned with national priorities and needs of the LDCs and that such resources should be channeled through national budgetary system. National leadership and ownership of the LDCs must be fully respected in the development process. We call for concrete efforts towards untying aid, greater donor coordination and financial support to the LDCs in post-conflict situations.

Mr. Chairman,

Despite the HIPC Initiative and MDRI, many LDCs are still grappling with a high debt burden. Debt service takes up a large chunk of their scarce resources. The international community should undertake effective measures, particularly through full cancellation of multilateral and bilateral debts owned by all LDCs to creditors, in order to ensure their long-term debt sustainability. Moreover, the debt problems of non-HIPC LDCs have been worsened due to the multiple global crises. We, therefore, call upon the BWIs to renew the extension of HIPC initiative to address the debt problems of all LDCs.

The volume of FDI flows to the LDCs remains low and mostly concentrated in extractive sectors. The development partners should encourage their companies, through incentive schemes, to make their investment diversified in the productive sectors of the LDCs and enhance the development impact of FDI.

In view of the growing inflows of remittances in the LDCs, there is a need to enhance its developmental impact and, in this context, host and home countries need to make greater efforts to tap the economic potential of Diasporas by creating an enabling legal, regulatory and institutional environment and reducing the transaction costs. Safety and security as well as non-discrimination and fair treatment of the migrant workers must be given due attention.

Given the tremendous financing needs of the LDCs in climate change and environmental sectors, potential of innovative financing mechanisms should be further explored and expanded with due priority given to the LDCs. Innovative sources of financing should in no way substitute the traditional sources of financing, in particular the ODA.

Mr. Chairman,

We call for substantive and comprehensive reform in the international financial system and architecture on a priority basis. In doing so, the voice and participation of the LDCs in the decision-making and norm-setting process of the BWIs should be ensured. The recognition of the LDCs as a special category by IFIs based on the UN vulnerability index is essential to enhance the efficacy of their support measures for this group of countries. We further emphasize that the international trade and finance architecture should be supportive of and responsive to the special needs and priorities of the LDCs.

To conclude, in the context of the today's discussions on financing for development, we reemphasize on the need for full, timely and effective implementation of the IPOA in order to materialize the vision of the Monterrey Consensus that the twenty-first century becomes the century for development for all, including the LDCs.

I thank you!