SIXTY NINETH SESSION OF THE GENERAL ASSEMBLY

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FIRST DRAFTING SESSION OF PREPARATORY PROCESS
FOR THE THIRD INTERNATIONAL CONFERENCE ON FINANCING FOR DEVELOPMENT
(International Public Finance)

STATEMENT
BY

H.E.MR. JEAN-FRANCIS R. ZINSOU
AMBASSADOR PERMANENT REPRESENTATIVE OF BENIN
TO THE UNITED NATIONS,
CHAIR OF THE GLOBAL COORDINATION BUREAU OF LDCs

NEW YORK, 29 JANUARY 2015
Distinguished Co-facilitators
Excellencies
Ladies and Gentlemen,

1- I have the honor to deliver this statement on behalf of LDCs. The Group aligns itself with the statement of South Africa on behalf of the G77 and China.

2- The Co-chairs elements document captures a number of important ideas and proposals. However, the Group of LDCs would like to underline the following issues that need to be included in the draft outcome document.

2- The Official development assistance (ODA) is the largest and critical source of external financing for the development of LDCs. According to OECD, for the least-developed countries (LDCs), aid represents, on average, around 70 per cent of their total external finance.

4- We are deeply concerned that the DAC surveys on donors’ forward spending plans indicate that aid flows will increasingly focus on middle-income countries in the medium term, with further declines projected for LDCs. This needs to be reversed.

5- We support the proposals made in the draft elements of the Co-chairs that there should be strong reaffirmation of the existing targets for LDCs with binding timetables. We propose that donor countries that have not yet done so to fulfil their ODA commitment of 0.15 to 0.20 per cent of GNI to LDCs at the earliest but no later than 2020.

6- There has been growing consensus among the researchers and think tanks that LDCs should get priority in the allocation of ODA. Donor countries should review their ODA commitments, as committed in the IPoA, and allocate at least 50% of ODA to LDCs taking into account the unique structural handicaps and constraints faced by LDCs. We would request the distinguished co-chairs to reflect this proposal in the next version of the document.

7- It is also important to undertake concrete and decisive steps to mobilize additional resources through innovative sources of finance. The innovative sources however should not impose any burden on the already resource-constrained LDCs. The resources accumulated through innovative mechanisms should be disbursed through existing multilateral institutions, in particular through the UN system organizations with an especial focus to LDCs.

8- The potentials of South–South cooperation for trade, investment and development assistance should be fully harnessed as a key driver for LDCs development. Countries of the south should scale up their contributions and support to LDCs.
9- We ask for the International Development Association’s (IDA) non-concessional borrowing policy for LDCs, taking into account the large financing needs of these countries. For the least developed countries, the IDA needs to shift to an all-grant facility without any conditionality. We support the proposal to review the role, scale and functioning of multilateral and regional development banks in support of sustainable development.

10- Donor countries should align aid with national priorities and strengthen capacity development of LDCs in accordance with the principles of national ownership and leadership. They should use country systems for aid programmes in support of activities managed by the public sector. The quality of aid should be improved by strengthening national ownership, alignment, harmonization, predictability, mutual accountability and transparency, and results-orientation.

11- The Group of LDCs would also like to stress the need for improving donor coordination and harmonization to avoid fragmentation and duplication. Donor countries should also continue to make progress on untying aid as encouraged by the 2001 OECD/Development Assistance Committee recommendation on untying 100% ODA to LDCs. The allocation of ODA must be aligned to least developed countries’ priorities with particular focus on productive capacity development in order to achieve sustained, inclusive and equitable economic growth and sustainable development. At least 50% of the ODA allotted to LDCs should be devoted to productive capacity building in the LDCs.

12- We support the proposal contained in the elements paper that calls for holding open and transparent discussions in the United Nations of the proposed modernization of the ODA definition. We also strongly support the proposal that asks the United Nations, in cooperation with relevant stakeholders, to monitor and report on statistical indicators of financial and technical cooperation for sustainable development by all official providers and, separately, for development assistance from foundation and other non-governmental providers.

I thank you all for your kind attention.