Mission Permanente
de la République du Bénin
auprès des Nations Unies

Permanent Mission of
the Republic of Benin
to the United Nations

SIXTY NINETH SESSION OF THE GENERAL ASSEMBLY

****

FIRST DRAFTING SESSION OF PREPARATORY PROCESS FOR THE THIRD INTERNATIONAL CONFERENCE ON FINANCING FOR DEVELOPMENT

(Sovereign debt)

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

125 East 38th Street, New York NY 10016 - Tel: 212 684 1339 - Fax: 646 790 3556
Email: beninewyork@gmail.com

Distinguished Co-facilitators
Excellencies
Ladies and Gentlemen,

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

While there have been some sign of improvements in the debt situation of HIPCs, many countries continue to be at risk of debt distress despite completing the Initiative. As of March 2014, there was one LDC in debt distress and nine of them are at a high risk of debt distress, seven of which have already benefited from the MDRI and Paris Club initiatives. Despite international efforts to address the debt problem debt sustainability and indebtedness remain serious challenges for LDCs. Debt-servicing often crowd-out the much needed public expenditure on productive and social sectors. This affects the long-term productivity of their economies and their abilities to be debt free. Uncertainty in domestic production, volatility in international prices & the exchange rate and deteriorating terms of trade often make their debt-burden unsustainable. The continued external debt burden greatly aggravates the poverty trap in LDCs. The indebted countries are home to the majority of the world's poor.

The end of the HIPC Initiative and MDRI debt relief will not bring an end to debt crises. Debt servicing obligations substantially undercuts the fiscal space of LDCs. The Group of LDCs would therefore like to make the following specific proposals:

The international community must respond to new challenges that have emerged since the launch of the HIPC Initiative. HIPC sunset clause needs to be extended so that countries in debt distress can afford the same opportunity and benefit. The political components need to be decoupled from the eligibility criteria for HIPC and MDRI.

The Group of LDCs subscribes to the proposal made in the elements paper to incorporate the financing needs for realizing the SDGs into debt sustainability frameworks and assessments. The debt sustainability assessment should be done in an open and transparent manner and should take into account realistic and objective risk assumptions. If a country borrows for investment in the productive sector, there should not be any arbitrary "debt limit". Bilateral and multilateral assistance and lending to LDCs should be grant based to ensure debt sustainability.

Taking into account the complexities and lack of comprehensiveness in the existing debt relief mechanisms, LDCs are consistently asking for full cancellation of the multilateral and bilateral debt as already agreed by the General Assembly in its resolution 68/224. If a country fulfils the criteria of being an LDC, it should be eligible for debt write-off. This is in line with the General Assembly decision contained in OP 16 of the UNGA resolution 61/188.

The International community should impose a moratorium, pending the full cancellation of debts owed by LDCs, on debt service payments for LDCs in order to make their scarce resources available for financing the post-2015 development agenda.

The current debt relief initiative has failed to liberate sufficient resource for the concerned countries. The resources released for development were in actual practice, much smaller than those indicated by aid statistics. Therefore the resources earmarked for debt relief must be additional to ODA.

One of the major concerns of LDCs is to achieve a better representation of the indebted countries in the decision making organs of IFI in order to balance the interests of debtors and creditors as to debt sustainability framework.

The FFD outcome document should call for the revision of the debt sustainability framework so as to include a comprehensive assessment of debt burden including short term liabilities and de minimis claims and domestic national currency debts so that debt restructuring arrangements takes into account the economic growth prospects of the indebted countries, and the need to be more efficient in preventing debt distress, by enhancing crisis management tools, contra cyclic funding facilities and economics shock compensations facilities.

I thank you all for your kind attention.