

*Mission Permanente
de la République du Bénin
auprès des Nations Unies*



*Permanent Mission of
the Republic of Benin
to the United Nations*

SIXTY NINTH SESSION OF THE GENERAL ASSEMBLY

**FIRST DRAFTING SESSION OF PREPARATORY PROCESS
FOR THE THIRD INTERNATIONAL CONFERENCE ON FINANCING FOR DEVELOPMENT
(Domestic and International Private Finance)**

**STATEMENT
BY**

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TO THE UNITED NATIONS,
CHAIR OF THE GLOBAL COORDINATION BUREAU OF LDCs**

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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 of South Africa on behalf of the G77 and China.

In addition to the important ideas and proposals contained in the Co-Facilitators' elements document, the Group of LDCs would like to underline the following issues that need to be included in the draft outcome document.

We believe that the private finance can play a major complementary role in filling the resource gap in LDCs. All relevant actors, including government officials, Diaspora, leaders from large institutional investors such as sovereign wealth funds and pension funds, and the rest of the private investment and business communities need to play a key role in this regard.

There are some progress on the flow of private capitals to developing countries and LDCs. However the investment is highly skewed and the huge geographical and sectoral concentration of FDI need to be addressed. Focus should be given on greenfield investments in the manufacturing sector. ODA, through leverage and catalytic support, could help mobilize substantially more private capital.

FDI should come in support to national development strategies. It should employ maximum local contents, including human resources at technical and managerial positions. Establishing linkages, both backward and forward, with domestic suppliers is critical on a fair equitable basis. It should aim at linking the local enterprises with global value chains, with the creation of expansion and growth opportunities.

Although there are some risk mitigation instruments available in global public finance, they are hardly used because they are not tailored to the need of the SMIEs. The public policy change and various measures by host countries and major capital exporters, as well as by the international financial institutions can unblock and incentivize private finance flows. Therefore, these policies and measures should be the main focus of the FFD-III Conference in the area of private capital flows.

With a view to ensuring considerable level of FDI flows to LDCs with maximum development dividends, some concrete global measures are inevitable. Therefore, international community should establish a one-stop arrangement, such as an international investment support centre dedicated to LDCs. Istanbul Programme of Action, in paragraph 46.2.c has already agreed upon to establish an investment promotion regime for LDCs. Such a facility, as recommended by the Secretary-General in his report A/69/270, should provide the following interrelated services:

- (a) Access to information on existing investment facilities and foreign direct investment support programmes;

- (b) Technical support to assist least developed countries in negotiating complex large-scale contracts;
- (c) Access to and further strengthening of advisory support in investment-related dispute resolution;
- (d) Risk insurance and guarantees, in close collaboration with the Multilateral Investment Guarantee Agency and the Organization for Economic Cooperation and Development;
- (e) Regulatory and legal frameworks that can attract foreign direct investment by improving investment climates and promoting enabling environments at all levels;
- (f) Address the root causes of capital flight from LDCs.

Distinguished Co-Facilitators,

Please note that the above elements have already been agreed upon by the General Assembly in its resolution 69/231.

The Credit Rating Agencies (CRAs) should be brought under tighter regulation and accountability framework in order to purge conflicts of interest and ensure objectivity and prudence in their reporting.

In this regard, the Group of LDCs would like to propose the establishment of an intergovernmental mechanism under the auspices of the General Assembly to develop a global methodology and a standardized approach with a set of universally approved criteria for undertaking the ratings.

Transnational corporations should undertake necessary measures to increase the development impact of their investment in the LDCs, as part of good corporate citizenship. They should place corporate social and environmental responsibility at the core of their business strategy.

The national leadership of the developmental state should endeavor to promote an enabling environment and engage in resources mobilization and development financing policies that incentivize enhancement of international private financing by a thorough development of the national financial market in the framework of regional integration.

I thank you all for your kind attention.