Specific proposals of the LDCs during the First Drafting Session of the preparatory process for the Third International Conference on Financing for Development

Domestic and International Private Finance

- The 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.

- The Credit Rating Agencies (CRAs) should be brought under tighter regulation and accountability framework. 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.

International Public Finance

- 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.

- 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.

- 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.

- 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.

- 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

Sovereign Debt

- 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.

- 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.

Science, Technology and Innovation

- Set up and operationalize, expeditiously, the Technology Bank for the LDCs during the 70th Session of the UNGA

- Provide at least 0.1 per cent of the ODA to LDCs in particular through technology bank

Trade

- The share of least developed countries' exports that benefited from duty-free treatment is 83 per cent. This needs to be made up to 100% by providing immediate, predictable, duty-free and quota-free market access on a lasting basis to all products originating from all LDCs even before the conclusion of the Doha Round.

- Market access provisions for LDCs need to be further improved and made more predictable and sustainable through the elimination of remaining tariff and non-tariff barriers, simplifying the rules of origin, expansion of product coverage and simplification of administrative procedures in relation to various market access arrangements.

- Non-tariff measures such as anti-dumping, countervailing, Sanitary and Phytosanitary measures (SPS) and Technical Barriers to Trade (TBT) should be fully eliminated for LDCs.

- The Bali Ministerial decision on "Operationalization of the Waiver Concerning Preferential Treatment to Services and Service Suppliers of LDCs" should be put into force.

- Erosion of preferences, loss of tariff revenue, loss of employment and various kinds of adjustments should be fully compensated for LDCs. Effective mechanism should be established to mitigate any negative effect of the sectoral tariff initiatives.

- LDCs should be provided with at least 50 per cent of the aid for trade, in line with the commitments made by the development partners in the IPoA to increase the share of aid for trade to LDCs, with a view to ensuring their export diversification and building their productive capacities, in order to double the share of LDCs exports in the globalexports by 2020.

- It is also of utmost importance that trade distorting support measures be eliminated by developed countries, especially agriculture and fisheries subsidies.

- The FFD Conference should also call for the operationalization of the Bali Ministerial decision on "Monitoring Mechanism on Special and Differential Treatment". We stress on the need to make the Mechanism effective so as to strengthen the effectiveness and implementation of S&D provisions of multilateral WTO Agreements, Ministerial and General Council Decisions.

- It should also put emphasis on Ensuring and operationalizing improved format for reporting under Article 66.2 of the TRIPS Agreement. The Technology Bank for LDCs should serve as an implementing tool for materializing this Article.

- Operationalize a binding mechanism to fast-track accession of LDCs, as per the agreed guidelines for LDCs accession to the WTO of December 2002 and July 2012;

- Ensure accession of all LDCs only by fulfilling those commitments that are commensurate with their level of development, as committed in the Brussels Programme of Action.

Systemic issues, monitoring, data and follow-up

- International Financial Institutions, in particular the World Bank Group, should augment their support for the implementation of the post-2015 development agenda and SDGs through enhanced delivery of technical assistance and concessional lending. For the least developed countries, the IDA needs to shift to an all-grant facility without any conditionality. The LDCs should also enjoy full flexibility in determining their own macroeconomic policies.

- There should be a universal recognition of the group of LDCs for the sake of coordinated and coherent follow-up and monitoring of the implementation of progress made in these countries. Income-based classifications are becoming less and less relevant. Taking into account the fragility and other structural constraints, LDCs represent the most homogenous countries with very low variations. Universal recognition of LDCs is therefore urgently needed.

- Establishment of a financing for development commission as a subsidiary body of the Economic and Social Council.

- Having a report of the Secretary-General on the progress towards implementing FfD/SDG 17 at the global level. Additionally, the existing MDG Gap Task Force report should continue as SDG Gap Task Force report.

- The UN system needs to help strengthening national statistical capacities of LDCs to develop their national databases that contain national and international data on post-2015 development agenda with metadata, related to the global indicators that are available to all interested users. This would help getting real time primary data from the country level and ensure compliance with international standards, uniform methodologies in data collection, processing and dissemination to facilitate reconcilability.

- There should be a harmonized census based data base with a degree of sophistication responding to the parameters of the SGDs to allow to measure progress nationally and globally. The national capacity building efforts should begin now so that a mechanism could be put in place in 2015 without any lag time. The UN country teams can play a key role in this respect.

- The inter-governmental follow-up and monitoring framework should undertake a horizontal review that includes both developing and developed countries. Contributions by all other actors such as the private sector, civil society and foundations should also be brought under broader follow-up mechanism. The framework should preserve its intergovernmental nature and do periodic reviews of the means of implementation, including ODA, trade, debt relief, investment, transfer of technology and capacity building. All these elements should feed into the follow-up mechanisms and processes related to the High Level Political Forum.

Views on the zero draft

- LDCs would need additional, preferential, concessional and most favorable treatment for their access to markets, finance, technologies, know-how and other resources and differential and flexible treatment in undertaking international commitments and obligations which is called “Differential and Preferential Treatment for LDCs (DPTL)”.

- Special “crisis mitigation and resilience building funds” for LDCs need to be created to meet their special development needs and to enable them to respond to various kinds of shocks. This should be added as a new thematic area or building block in the FFD outcome.

- The Addis outcome must set quantifiable targets under each area of the means of implementation with a timetable for donors to meet their commitments. We need to ensure how much ODA is being made available for development expenditures at the country level (country programmable aid), and need an expansion of that portion of aid. The LDCs have requested that at least 50% of ODA disbursements be provided to LDCs and at least 50% of the amounts disbursed be channeled to productive capacity development in the LDCs.