



**Statement
By**

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and
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Least Developed Countries,
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at the

**60th Session of the General Assembly
Second Committee**

on

Item 53:

**Follow-up to and implementation of the outcome of the
International Conference on Financing for Development**

12 October 2005

Mr. Chairman,

Distinguished delegates,

I am honored to be able to yet again address the Second Committee on the issue of the follow-up to and implementation of the outcome of the International Conference on Financing for Development, a subject of fundamental interest to the LDCs, as they are working their way out of the abject and dehumanizing conditions of extreme poverty, at a time when they are facing the impact of growing inequality and are subjected to the differential impact of globalization.

Much analysis has gone into the interlinked support required to start the LDC on their path on sustainable development – an increase in the amount and effectiveness of development assistance, additional innovative sources of finance, fuller debt relief, and increased trading opportunities. I would like to thank the Department of Economic and Social Affairs for updating us on developments since the Monterrey Consensus was reached. Since I already made comments regarding necessary debt relief and the trade difficulties associated with LDCs under agenda item 50 (b) and (c) I would like to confine today's remarks to the issue of recent measures to increase international financial and technical cooperation for development.

Certainly, the importance of ODA has been highlighted in the recent discussions on financing the internationally agreed development goals, including the Millennium Goals. In respect of the LDCs, ECOSC in its 2004 High-level review of resources mobilization and enabling environment of poverty eradication in the LDC reaffirmed that "official development assistance has a critical role to play in support of the implementation of the Programme of Action." In effect, LDCs are caught in a "poverty trap" where slow growth and low income limit domestic savings. Their ability to attract Foreign Direct Investment, another source of financing, also is only marginal. Jeffrey Sach's Millennium report launched earlier this year states the problem succinctly: the LDCs require special assistance because they cannot meet their basic needs from domestic resources regardless of their own policies or quality of governance. Support for them should be consistent with the UN Brussels Programme of Action, which outlines key areas to help break the LDCs poverty trap, including human resource development, investments in supply side constraints, environmental protection and investments for food security."

In light of this the LDCs are encouraged by the outcome of the 2005 World Summit, which reaffirmed the Monterrey Consensus, the commitment to global partnership for development and among other things addressed the specific needs of the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States. In recognition of the dire situation in the LDCs, where if implementation continues on the current trajectory the overarching goal to eradicate hunger and poverty will not be met by the 2015 deadline, the Summit called on the development partners to live up to their ODA commitments contained in the Brussels Programme and provide 0.15 to 0.20 per cent of GNI to LDCs as ODA by no later than 2010.

The Secretary-General in paragraph 7 of his report (A/60/289) acknowledges: "Official development assistance to the least developed countries, those most in need of financing to meet the Millennium Development goals, has recovered even more strongly [than ODA overall]", but then goes on to say "However, this represents just under 0.1 percent of developed country

GNI, still well below the target of 0.15 -0.2 per cent adopted in the Programme of action for the Least Developed Countries for the 1990s.” , i.e. over 15 years ago. Only eight (?) countries have lived up to Commitment Seven of the Brussels Programme of Action for the Least Developed Countries by contributing over .20 per cent of its GNI to the LDCs. Donors have achieved the target of .15 per cent.

The gradual increase in ODA over the last two years and the recent commitments by the European Union and the Group of Eight in Gleneagles are most welcome in light of falling short so far in implementing the Millennium Development Goals and Monterrey Consensus, committed to only a few years ago.

Let me also say that the ODA debate is not just about the necessity of sufficient flows of development assistance or compliance with the committed targets. The quality of aid provided is equally important, as it has a major impact on its effectiveness. This is clearly pointed out in the Secretary General’s report. I think it is important to note that the Paris Declaration on Aid effectiveness was the result of collaboration between donor and recipient countries, which over 25 LDCs in attendance. This signals the importance attached by LDCs to this subject, as conditionality attached to aid often conflicts with commitments to increase the responsibility of developing countries for their domestic development strategies. Only when aid is fully aligned with national development strategies, can it be nationally owned and truly effective.

The LDCs have made great strides in regard to creating an enabling environment. Thirty-two of the fifty LDCs have completed their Poverty Reduction Strategy Papers (PRSPs), the remaining are expected to complete theirs by 2006. As budget support has emerged as a new way of effective resource transfer, especially if it increases the poor’s purchasing power and thus alleviates hunger and malnutrition, the accomplishments of LDCs in defining their national strategies should encourage donors to channel their aid increasingly through budget support. Additionally, untied aid and aid provided on a predictable basis are needed to improve aid modality, so that medium to long –term ODA commitment flows to LDCs reduce the uncertainty and unpredictability of whether national development goals can be implemented as planned.

It is worth mentioning that the issue of the enhancement of the participation of developing countries in the decision making process of the Bretton-Woods institutions , which I strongly supported in my statement to you last year, is finally receiving greater attention.

Mr. Chairman,

In closing, let me express my sincere hope that with the expected continued increase in development assistance, donors would allocate a major part of these increases to the Least Developed Countries. This would ensure the Brussels Programme of Action goals will be met in a timely fashion.