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Draft statement

by

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Countries, Landlocked Developing Countries and Small  
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at

the High-level Meeting on Global Partnerships for a Transformative  
Agenda for the Least Developed Countries

14 July 2015, 3:30 – 6:00 pm  
Africa Hall of the Economic Commission for Africa

Honourable President of Benin

Honourable Prime Minister of Ethiopia

Honourable Prime Minister of Sweden

Honourable Ministers

Excellencies, Ladies and Gentlemen,

At the outset, let me take this opportunity to express our profound appreciation to the Governments of Benin, Ethiopia, Sweden and Turkey for co-hosting this High-level event. I specially commend the Government of Ethiopia for its excellent arrangement of the Third International Conference on Financing for Development and for their generous hospitality.

This is the right time and right place to host FFD. We are at a pivotal moment. The September Summit in New York will shape the course of the global development agenda with an ambitious and transformative change for the next 15 years. Soon after, we will have a climate change conference in Paris.

Setting an ambitious set of goals is critical. But, it is equally important to ensure concomitant level of resources. The world needs an ambitious and credible global compact to finance the transformative development agenda.

To be inclusive and transformative to all, this conference has to look at the challenges and opportunities of LDCs in a focussed manner. SDGs will succeed only when we take care of the interests and needs of LDCs, where the incidence of poverty is highest and the vulnerabilities are deep rooted and multidimensional and therefore gains there could have large scale impacts as well.

In many areas of LDC's concerns, draft FFD outcome gives a strong sense of direction with a number of important measures and mechanisms. They need to be further built upon and concretized as we move towards its implementation.

The concrete decisions, contained in the draft, also include commitment to a new social compact to extend essential public services to all (Para 12), establishment of a new infrastructure forum (para 14), development and operationalization of a global strategy for youth employment by 2020 (para 16), more ODA going into LDCs and using ODA to leverage more resources, developing long-term domestic capital market including bond and insurance market (para 44), adopting and

implementing investment promotion regimes for LDCs (para 46), global consensus on guidelines for debtor and creditor responsibilities (para 97), developing plant and livestock gene banks (para 121), Technology Facilitation Mechanism (para 123), and operationalization of the technology bank for LDCs (para 124).

The challenges ahead of us are enormous, to say the least. Some \$34.5 billion of the shortfall is accounted for by 37 LDCs to get access to basic services. Meeting the energy needs alone will require \$18 billion per year for LDCs. Infrastructure development needs double that amount.

To fulfill the unfinished business of MDGs, to build infrastructure, energy and productive capacity, and to promote environmental sustainability and withstand the impacts of climate change, LDCs therefore need a combination of strong and integrated national strategy, capacity development and adequate resources in an unprecedented manner.

To meet the investment needs of the Sustainable Development Goals, as suggested by the World Bank Group, the global community needs to move the discussion from “Billions” in ODA to “Trillions” in investments of all kinds.

It is true that development is first and foremost the responsibility of nations themselves, but in a globalized world and with capacity and resource constraints for sustainable development, it is also a global responsibility. That is so clear and urgent in case of LDCs.

They have committed to a strong national leadership and ownership. Now is the time to scale up and sustain comprehensive support to complement their efforts in a spirit of solidarity and mutual accountability. This would not only contribute to eradicate poverty and protect planet, but it would also contribute to promote global stability, order and equitable prosperity. Therefore it is in the enlightened self interest of the international community to do so.

LDCs have the deepest levels of poverty. Out of about 950 million people, around 45 per cent of them are still living in extreme poverty, despite global average of only about 14 per cent.

With business as usual, we may end up having more poor people in LDCs by 2030 than now, given the population growth rate, low level of development and extreme and repetitive vulnerabilities. Therefore a paradigm shift is required. More

investment in infrastructure, productive sectors and building resilience should go hand in hand with human development.

Just to give an example. Achieving a single objective of 7 per cent growth rates require at least a gross capital formation rate of 25 per cent of GDP. In LDCs, tax to GDP ratio is 13.4 per cent, and gross domestic savings as percentage of GDP are 17.6% (WDI, 2014). More domestic resource mobilization is urgent over the medium term. Curbing illicit financial flows would be equally critical.

But, here, ODA plays a very important role, given the level of dependence of LDCs on ODA for development work. It is a matter of concern that aid to the least developed countries is decreasing despite the clear need and urgent imperative. We are however encouraged that the development partners have now committed to reverse this trend in draft outcome document of FfD. I am confident that many development partners also follow Sweden and some other development partners, who have consistently provided 0.7 per cent and above of GNI as ODA.

The conference here calls for ODA providing at least 0.20 per cent of ODA/GNI to LDCs in the medium term and consider allocating 50 per cent of their ODA to LDCs. These are some positive development in setting strong benchmark in the field of ODA to LDCs after several decades. Donor countries should undertake appropriate measures to ensure its implementation and go even beyond that, given the multiple constraints of LDCs and a huge dividend. Using ODA effectively is equally critical to have broad impacts on the ground. ODA should also be used to leverage more resources. Good governance at all levels are therefore important, as described in Istanbul program of action.

Trade also plays a very important role as an engine of growth. Therefore effective market access for trade in goods and services is critical for LDCs. It is also important to increase the volume of aid for trade to at least 50 per cent to strengthen productive and export sectors in LDCs. Similarly, reduction in the cost of migration and remittances and making them safer and dignified, will play a very important role.

Achieving sustainable development, in particular sustainable industrialization, renewable energy, green economy and building resilience all require access to modern technologies. A special mechanism is vitally important. A major deliverable in the context of FfD and post-2015 development agenda is the Technology Bank for LDCs. Continued support for a dedicated and holistic technology transfer and diffusion in LDCs including an allocation of 0.1 per cent

of the ODA, as strongly requested by LDCs, will auger well for its effective operationalization.

Despite significant improvements in the investment climate in LDCs, this group consisting of 12% of total world population receives only 1.7 per cent of total FDI flows.

To ensure a considerable level of FDI flows to LDCs with maximum development impact, effective implementation of investment promotion regime for LDCs, as envisaged in the FFD, would have a salutary impact on the lives of the people in these countries.

Equally important is to build the national capacity of LDCs to respond to various kinds of shocks. The draft welcomes the ongoing efforts to build LDCs, national capacity to respond various kinds of shocks including financial crisis, natural disasters and public health emergencies through special funds and tools. We witnessed huge impacts on livelihood and development prospects, when cyclone Pam hit Vanuatu, massive earthquake struck Nepal, and Ebola virus created a havoc in three LDCs in West Africa. This is a stark reminder of disproportionate impacts of disasters. It is therefore vitally important for sustainability and continuation of the hard-earned gains made by LDCs that immediate action is needed to operationalize a “crisis mitigation and resilience building fund for LDCs”.

In conclusion, Many particular and structural obstacles stand in the way of LDCs. Yet we must set our sight on the opportunities and vast potentials of development of human and natural resources in LDCs. Globally, we have the knowledge, technology and resources. Billions of dollars are exchanged through trade and financial markets every day. The stock of global financial assets runs into hundreds of trillions. Just a small portion invested towards sustainable development of all and especially those that are at the bottom of development ladder would make a big difference. Addis Ababa should be the place to start the transformative change that we all seek through Sustainable development. The principle of leaving no one behind and securing a life of dignity for all should ensure that LDCs remain at the front and centre of our new development agenda.

I thank you all.