



**STATEMENT BY MR. A. GOPINATHAN, ACTING PERMANENT REPRESENTATIVE, ON 'RESOURCES MOBILIZATION AND ENABLING ENVIRONMENT FOR POVERTY ERADICATION IN THE CONTEXT OF THE IMPLEMENTATION OF THE PROGRAMME OF ACTION FOR THE LEAST DEVELOPED COUNTRIES FOR THE DECADE 2001-2010 AT THE SUBSTANTIVE SESSION OF ECOSOC, 2004 HIGH-LEVEL SEGMENT ON JUNE 30, 2004**

Madam President,

We thank the Secretary General for his report on the theme of the High-level segment. We also express our appreciation to Under-Secretary-General Ocampo for his introduction to the report and to High Representative Chowdhury for his remarks at the beginning of the High-level segment.

2. We associate ourselves with the statement made by the Hon'ble Minister of State for Foreign Affairs of Qatar on behalf of the Group of 77.

3. The theme for this year's High-level segment of the substantive session of the Economic and Social Council provides us with an opportunity to discuss important questions pertinent to the efforts of the LDCs towards the achievement of sustained economic growth and poverty eradication goals.

4. The Brussels Programme of Action provides the framework for addressing the multifarious challenges confronting the LDCs. The World Development Report 2004 asserts that broad improvement in human welfare will not occur unless poor people receive wider access to affordable and better quality services in health, education, water, sanitation and electricity. The Report further indicates that key services fail poor people in access and in quality and quantity. Both these factors will inevitably impact on the efforts of LDCs in reaching the Brussels goals by 2010 and, consequently, in reaching the Millennium Development Goals by 2015. The World Bank and UNCTAD estimate that if the current trends persist, the number of people living in extreme poverty in the LDCs would increase from 334 million in 2000 to 471 million in 2015 and that the LDCs would be the major locus for global poverty at that time. Many other developing countries share the problems faced by LDCs and the international community needs to consider the inter-related issues of poverty, underdevelopment and vulnerabilities in this wider context.

5. The development partners need to move vigorously in supporting the efforts of LDCs and other developing countries in achieving higher growth rates, improving service delivery and reducing poverty with more and better aid, debt relief and improved market access.

6. The debt problems faced by many low and middle income countries severely affect their capacity to accelerate economic development. Many bilateral creditors have provided relief to low income countries. However, the relief provided in the case of a number of countries falls short of the level needed to achieve long-term debt sustainability and to effect significant reduction in levels of poverty. Finding a durable solution to debt problem would result in reducing debt servicing obligations and thereby enable increases in social spending. India has demonstrated its commitment to help LDCs in reducing their external debt burden by writing off the debt owed by seven highly indebted countries who had reached their 'decision points'.

Madam President,

7. The Brussels Programme of Action recognises the importance of mobilising domestic resources in financing the development needs of LDCs. We share the view that for development to be self-sustaining, domestic resources should be made the foundation. Every effort needs to be made to expand the domestic resource-base and to make the most productive use of the available resources. Some countries have evolved strong institutions; others are still in the process of evolving them. The capacity to mobilise resources varies as a result. A 'one size fits all' approach for all LDCs will not be practical and is unlikely to succeed. Accordingly, capacity-building in developing countries should be accorded priority. International organisations can play an important role in this area by way of providing replicable models and information, which would help the LDCs in building national capacity for domestic resource mobilisation. Efforts at domestic resource mobilisation need a supportive international environment that is stable, predictable, and characterised by non-discriminatory trading, monetary and financial systems.

8. Foreign Direct Investment [FDI] flows, unlike portfolio investments, are the more stable source of investment as they influence capital transfer, share knowledge and technology, enhance skills and create employment opportunities. Greater efforts are required to assist LDCs and other developing economies in capacity-building, particularly in setting up the requisite institutional framework to help prioritise the sources and destination and to attract, evaluate and facilitate foreign investment inflows. ODA can play an important role in catalysing private investment in countries that are not receiving significant private flows.

9. ODA continues to remain at a low level and, as per UNCTAD estimates, actual ODA disbursements are more than a third short of the agreed target for the LDCs. New and additional commitments are essential if the developing countries are to achieve the internationally agreed development goals, in particular, the MDGs. Moreover, commitments should also be predictable and long-term. Analysis by the World Bank indicates that an additional US \$ 30 billion per year can be utilised effectively by developing countries to make progress towards achieving the MDGs. We support efforts to strengthen and ensure national ownership of development assistance programmes

and a clear recipient-driven strategy for sustainable development. Wherever appropriate, aid should help promote greater foreign and domestic private investments consistent with national priorities for sustainable development, especially in poverty alleviation.

10. The Brussels Programme of Action recognises the role of trade in growth and development of the LDCs. We welcome the steps taken by some development partners to open up their markets to exports from the LDCs. There is also need to help LDCs to build capacity in manufacturing and other sectors to enable them to eventually diversify away from dependence on commodity exports. We recall, in this context, the words of the Secretary-General of UNCTAD who, at the beginning of the high-level segment on June 28, advocated the need for assisting the LDCs both in human development and in the creation of production and trade capacities.

11. The expansion in trade between LDCs and other developing countries has been significant in recent years. The share of LDC exports to other developing countries reached 34 percent in 2002, almost an increase of 20 percent in less than 15 years, an impressive record. The share of other developing countries in LDC imports increased during the same period by almost 25 per cent and reached the figure of 56 percent. These figures represent an eloquent testimony to the potential for enhanced South-South cooperation. In this context, we are happy to note the launch, during the recently concluded UCNTAD-XI, of the third round of negotiations for the Global System of Trade Preferences [GSTP]. We have every confidence that the new round of GSTP will benefit both LDCs and other developing countries immensely.

Madam President,

12. We hope that deliberations at this meeting would lead to greater appreciation of the challenges facing the LDCs and result in the adoption and implementation of action-oriented conclusions designed to assist LDCs in their struggle.

Thank you, Madam President.

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