Draft Inputs for LDCs remarks at FfD4 PrepCom3 Discussion on Systemic Issues

Thursday 13 February, 15:00 - 18:00

**Distinguished Co-facilitators,**

**Excellencies,**

**Distinguished delegates,**

I have the honor to make these remarks on behalf of the least developed countries.

We align ourselves with the statement made by Group of 77 and China.

As we face overlapping global crises, the importance of dynamic, adaptable, and responsive global systems and multilateralism is paramount. Finance is crucial for sustainable development, and an inclusive, responsive financial architecture is essential for equitable access. This forum must set concrete actions and ambitious goals to this end.

The Least Developed Countries (LDCs) welcome key commitments in the outcome document, particularly the recommitment in paragraphs 53(a) to (d) for equitable representation in International Financial Institutions' (IFIs) decision-making bodies. This is crucial to enhance the voice of developing countries and LDCs, better reflecting members' relative positions in the world economy while protecting the poorest members' shares.

We commend the commitments in paragraphs 54(a) and (f) to strengthen global financial safety nets and close regional gaps.

LDCs underscore the importance of rechanneling Special Drawing Rights (SDRs) and urge Member States to do so expeditiously. In line with paragraph 257 of the Doha Programme of Action, we emphasize prioritizing the furthest behind and most vulnerable.

We call for updated Concessionality frameworks that consider countries fiscal space and the need to meet the SDGs. This aligns with the need for a more comprehensive approach to assessing countries' financial needs and capacities.

Regarding paragraph 54(a), we strongly support working through the IMF Executive Board to create a larger resource pool for rapid crisis response. We urge special consideration for LDCs in designing and implementing this expanded resource pool, including access to mechanisms like an IMF multilateral swap line.

LDCs are at the front and suffer disproportionately from the crises and shocks and therefore need urgent support during the times of crises. The uneven recovery from the Pandemic is solid evidence to learn the lesson.

We therefore welcome creating a significantly larger pool of resources accessible to all countries for rapid crisis response. We urge special consideration for LDCs in designing and implementing this expanded resource pool, such as an IMF multilateral swap line. Furthermore, we emphasize the importance of adjusting borrowing limits across all global financial safety net layers to ensure emergency and stand-by resources adequately meet LDCs' needs. These adjustments should consider LDCs' unique challenges, including limited access to international capital markets and higher vulnerability to economic, climate, and health-related shocks.

On paragraph 55(a), we strongly support efforts to improve credit ratings and endorse the decision to establish an annual ECOSOC high-level meeting for dialogue among stakeholders on this topic.

We emphasize the importance of capacity building and access to science, technology, and innovation for LDCs, crucial for enhanced financial inclusion. We welcome the invitation to the Bank for International Settlements and IMF in paragraph 57 to support developing countries in making decisions about central bank digital currencies.

The current international financial architecture does not adequately represent today's global economy's diversity and complexity. Developing countries, especially LDCs, remain underrepresented in key international financial institutions and decision-making bodies.

As a result, developing countries, in particular LDCs continue to suffer from the regulatory frameworks which are not sensitive to the context of development needs and challenges of developing countries. Even climate resilience and debt sustainability are negatively considered impacting the financial flow to these countries. There we welcome paragraphs 55 and 56 and the actions therein.

Addressing this imbalance is crucial for creating a more equitable and effective international financial architecture that better responds to all countries' needs, especially the most vulnerable.

In conclusion, reforming the global financial architecture is necessary for multilateralism's survival and sustainable development's commitment to reach the furthest behind.

Thank you.