

**Draft Statement to be delivered on behalf of the LDC Group during the Second
Preparatory Committee meeting on Financing for Development**

3-6 December 2024

**Distinguished co-chairs,
Excellencies, Ladies and Gentlemen**

I have the honour to deliver this statement on behalf of the group of LDCs.

I wish to express our sincere appreciation to you, distinguished Co-Chairs, for steering the FfD4 effectively and elegantly.

We deeply appreciate the Co-Facilitators for the comprehensive elements papers presented for the outcome of the Fourth International Conference on Financing for Development (FfD4).

We are pleased to see that the elements paper seeks to address the pressing challenges.

We also appreciate the key principles outlined in the elements paper, "without backtracking on those commitments, and strengthen existing efforts and ongoing reforms by various stakeholders".

We would like to thank all member states, development partners, and CSOs for including, in their input to the elements paper, the challenges of LDCs and underlining the need to address them with urgency and priority.

Excellencies

Distinguished delegates

Due to their extant vulnerabilities as well as emerging challenges and risks, they are facing multiple difficulties in mobilizing resources for attaining the 2030 agenda and achieving SDG targets.

We are gravely concerned over the growing SDG financing gap for SDGs and climate action.

Only 0.09 % of the 0.20 % commitment by DAC members to LDCs is met.

Only 2.4 percent of global FDI flow goes to the least developed countries.

LDCs' share in global exports of goods and services remains below 1%, far short of the target to double their share by 2020.

Median tax-to-GDP ratios in developed countries amount to just 12 percent in LDCs, especially in the post-pandemic phase, narrowing their domestic revenue base.

Debt vulnerabilities in LDCs have increased sharply. As of 2023, 14 LDCs were in debt distress or at high risk. Rising interest rates and currency depreciation have further strained debt servicing capacities.

We wish to emphasize the devastation and damage to infrastructure, economy and loss of lives caused by the intense and frequent climate-induced disasters in LDCs. However, we receive assistance from climate finance too little and too late.

The FfD 4 Conference and its outcome, therefore, remain quite critical to our group.

Excellencies,

We believe the elements paper provides a solid framework that reflects an understanding of the multifaceted issues confronting LDCs.

We are happy to see the emphasis on enhancing domestic and international private business and international public finance for LDCs.

We appreciate the inclusion of establishing an international investment support center for the LDCs.

The inclusion of issues related to base erosion and profit shifting is critical for LDCs to overcome challenges that severely undermine domestic revenue collection.

The development of capital markets, in addition to development banks, is also important to enable our countries to mobilize resources through bonds and stocks.

We also commend the elements paper for its focus on increasing Official Development Assistance (ODA) to at least 0.2% of donor countries' GNI for LDCs

We strongly recommend that the zero draft must specify allocating at least 60% of ODA to Country programming and budget.

The Group also welcomes the dialogue and discussion in DCF to make efforts for an inclusive and effective global aid architecture.

It is crucial to ensure that vulnerable countries such as LDCs receive sufficient climate finance.

Our group would like to stress that climate finance should be treated as a new and additional assistance separate from development assistance.

The Baku agreement on the New Collective Quantified Goal on Climate Finance is a step forward, but it is significantly lower than what LDCs need. It also ignores LDCs' specific needs. We believe these gaps need to be addressed in the draft outcome of the FFD4.

Excellencies,

Distinguished delegates,

The LDCs group also commends the special attention given in the elements paper on boosting trade in LDCs. We would like to urge the member states to support this effort. Despite the focus on trade in LDCs in the Addis Action Agenda, share of LDCs trade remains below 1%. It indicates that we need to further strengthen the existing support and provisions for LDCs.

At least doubling the share of LDCs exports and aid for trade, as agreed in the DPOA and SDG targets, must be reflected too. Trade capacity building and diversification are vitally important, including through full implementation of the trade facilitation agreement.

Significant support is needed to build STI capacity in LDCs to leverage its potential and effectively use AI to foster sustainable development.

The Technology Bank needs concrete and predictable support.

The inclusion of an Online University for LDCs to promote STEM education is an important deliverable, offering extraordinary opportunities for building human capital in LDCs.

Excellencies,

Distinguished delegates,

Considering the debt distress and vulnerabilities in LDCs, we welcome recommendations in the elements paper for addressing this challenge. We wish to see the sovereign debt workout mechanism under the auspices of the UN.

We also wish to emphasize the inclusion of special support measures for graduating and graduated countries in the outcome document including, among others, adequate funding for the Sustainable Graduation Support Facility (iGRAD) and extending trade preferences, including duty-free quota-free market access, ODA, and other development finance to graduated countries to complement their ongoing development needs.

We believe the specific support for capacity building in data and statistics, including strengthening national statistical institutions, is vitally important.

The group also supports the efforts of framing indicators to review and follow up on the FfD outcome.

We welcome stronger follow-up and monitoring of the FFD process and recommend including a dedicated session for LDCs during the FFD Forum for focused discussions.

Excellencies,

We strongly emphasize that the ambitions and concrete commitments made in the 2030 Agenda, Addis Ababa Action Agenda, and Doha Programme of Action must be built upon, not diluted while moving to zero draft.

We must ensure that no one is left behind as we strive towards achieving the 2030 Agenda.

We trust that under your leadership, FfD4 will deliver ambitious reforms and concrete commitments needed to secure affordable long-term financing at scale for LDCs.

I thank you all.