

ECOSOC Coordination Segment, Geneva, 11-14 July 2011

Follow-up to the International Conference on Financing for Development (item 6 (a))

overcome structural impediments to economic growth and development. This involved official development assistance, but also other private flows such as foreign direct investment and remittances. Innovative sources of financing held a great potential for growth and development in LDCs, but needed to be additional to ODA. Besides the magnitude of the needed resources, the effectiveness of resources was equally important. Another challenge faced by LDCs was to ensure that growing trade and financial linkages led to structural change and growth in those countries. In the future, climate change adaptation and mitigation would require significant financing. Climate change financing was gaining traction, but only a small part of it was dedicated to LDCs. Moreover, Mr. Diarra emphasized the importance of South-South and triangular cooperation to further LDC development.

5. H.E. Mr. Acharya pointed to some major structural impediments faced by LDCs, such as limited productive capacities; infrastructure gaps; lack of human and social development; and prevalence of conflict or post-conflict situations in some LDCs. In addition, the recent financial and economic crisis and climate change represented new challenges for LDCs. Therefore, extensive national effort and strengthened international partnerships were necessary to help more LDCs graduate. The mobilization of domestic and external financial resources and their effective use was crucial. ODA would continue to play an important role for LDCs. ODA should be increasingly directed towards the productive sector and more in line with LDC priorities. Its disbursement needed to be more counter-cyclical. Resources raised by innovative financing mechanisms should be additional to ODA. Also other sources of financing, such as trade-related sources, debt relief and FDI remained very important. In addition to generating sufficient

8. Mr. Yu underscored the continuing importance of international development cooperation for LDCs. At present, financing needs of LDCs were not fully met. In particular, fulfilling long-standing ODA commitments, directing ODA to productive capacities and establishing counter-cyclical assistance facilities were vital. At the multilateral level, it was important to address the management of potentially destabilizing capital flows and the establishment of a mechanism for sovereign debt restructuring. Moreover, Mr. Yu deemed South-South cooperation an important complementary means to mobilize resources for LDCs.

9. In the ensuing discussion, delegates supported the focus on the implementation of the Istanbul Programme of Action and the need to provide targeted and effective support to LDCs. The importance of strengthening domestic resource mobilization in LDCs was also emphasized. Private sector development, enhancing prodderarogspeakw[ndin Twenhanc987ishmen