

Mission Permanente  
de la République du Bénin  
auprès des Nations Unies



Permanent Mission of  
the Republic of Benin  
to the United Nations

SIXTY NINETH SESSION OF THE GENERAL ASSEMBLY

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FIRST DRAFTING SESSION OF PREPARATORY PROCESS  
FOR THE THIRD INTERNATIONAL CONFERENCE ON FINANCING FOR DEVELOPMENT  
**(Sovereign debt)**

STATEMENT  
BY

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Distinguished Co-facilitators  
Excellencies  
Ladies and Gentlemen,

I have the honor to deliver this statement on behalf of LDCs. The Group aligns itself with the statement made by South Africa on behalf of G77 and China.

While there have been some sign of improvements in the debt situation of HIPC, many countries continue to be at risk of debt distress despite completing the Initiative. As of March 2014, there was one LDC in debt distress and nine of them are at a high risk of debt distress, seven of which have already benefited from the MDRI and Paris Club initiatives. Despite international efforts to address the debt problem debt sustainability and indebtedness remain serious challenges for LDCs. Debt-servicing often crowd-out the much needed public expenditure on productive and social sectors. This affects the long-term productivity of their economies and their abilities to be debt free. Uncertainty in domestic production, volatility in international prices & the exchange rate and deteriorating terms of trade often make their debt-burden unsustainable. The continued external debt burden greatly aggravates the poverty trap in LDCs. The indebted countries are home to the majority of the world's poor.

The end of the HIPC Initiative and MDRI debt relief will not bring an end to debt crises. Debt servicing obligations substantially undercuts the fiscal space of LDCs. The Group of LDCs would therefore like to make the following specific proposals:

The international community must respond to new challenges that have emerged since the launch of the HIPC Initiative. HIPC sunset clause needs to be extended so that countries in debt distress can afford the same opportunity and benefit. The political components need to be decoupled from the eligibility criteria for HIPC and MDRI.

The Group of LDCs subscribes to the proposal made in the elements paper to incorporate the financing needs for realizing the SDGs into debt sustainability frameworks and assessments. The debt sustainability assessment should be done in an open and transparent manner and should take into account realistic and objective risk assumptions. If a country borrows for investment in the productive sector, there should not be any arbitrary "debt limit". Bilateral and multilateral assistance and lending to LDCs should be grant based to ensure debt sustainability.

Taking into account the complexities and lack of comprehensiveness in the existing debt relief mechanisms, LDCs are consistently asking for full cancellation of the multilateral and bilateral debt as already agreed by the General Assembly in its resolution 68/224. If a country fulfils the criteria of being an LDC, it should be eligible for debt write-off. This is in line with the General Assembly decision contained in OP 16 of the UNGA resolution 61/188.

