Permanent Mission of Pakistan to the UN
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Statement by Pakistan at the 75th Session of Trade and Development Board

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Agenda Item 3 – The LDCs Report 2023: Crisis-resilient Development Finance

President of the Trade and Development Board Ambassador Febrian Rudyard, Excellencies and Distinguished delegates,

At the outset, Pakistan aligns itself with the statements delivered by Cambodia on behalf of G-77 and China, and Bangladesh on behalf of the Asia Pacific Group.

Let me take this opportunity to appreciate Mr. Davis, Ms. Riba and the Secretariat for the preparation and presentation of the 2023 Least Developed Countries Report. While highlighting the dire state of development finance, this report underscores the urgent need for action.

Mr. President,

In the backdrop of efforts for global economic recovery LDCs have been disproportionately affected by the impacts of the interlocking crises of the COVID-19 pandemic, geopolitical conflict, climate change and rising cost-of-living. This is compounded by mounting external debt, a sharp rise in interest rates in developed economies, and an insufficient mobilization of international financial resources to meet the SDGs and address structural vulnerabilities.

Additionally, many developing countries suffer high financial costs from susceptibility to the affects of climate change and natural disasters even though their contribution to GHG emissions is insignificant. Pakistan is at the front-line of the climate crisis. We witnessed unprecedented devastation from super floods in 2022 despite being responsible for less than 1% of the world's total carbon emissions. This not only has environmental costs but raises food insecurity risks by destroying local agriculture.

In this context, my delegation appreciates the report's focus on "Crisis-resilient Development Finance" and its recognition of the crucial role of development finance and debt in boosting the development prospects of developing countries. We also welcome the report's recommendations on measures to expand the fiscal space for LDCs and lower sky-high borrowing costs enabling them to overcome their structural weaknesses.

The existing international financial architecture is not fit-for-purpose and requires earnest efforts for reform to be more inclusive, innovative and adapted to the specific domestic needs and challenges of developing countries. International commitments including the setting up of the Loss & Damage Fund have been made to ensure a better flow of financing. The move from commitment to implementation must come sooner rather than later.

My delegation would like to draw attention to the following measures for financing development:

First, collaborative action is needed for establishing and implementing a comprehensive debt workout mechanism. We reiterate <u>the call to establish a permanent international framework for sovereign debt restructuring</u>.

Second, <u>the re-allocation of unutilized Special Drawing Rights, by delinking them from the IMF quota, can serve as a key mechanism for creating a new asset class to finance sustainable development and climate-related loss and damage.</u>

Third, <u>commitments to achieving the 0.7 percent of GNI ODA target and mobilizing US$ 100 billion annually in climate finance</u> made by the international community under the Addis Ababa Action Agenda and Paris Agreement <u>need to be fulfilled</u>.

Finally, <u>concessional financing is needed from Multilateral Development Banks to form a sustainable infrastructure investment facility</u> to assist member states for developing feasible projects in SDG-related areas and attract the necessary scale of investment.

Mr. President,

A clear policy direction and effective coordination at the international multilateral level is required to ensure that sustainable development targets are achieved progressively.

I thank you.

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