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Statement by H.E. Gyan Chandra Acharya, Ambassador/Permanent Representative of Nepal to the United Nations, on behalf of the LDCs, at the Second Meeting of the Ad hoc Working Group on Smooth Transition of Graduating LDCs, New York, 16 February 2012

Co-Chairs,

Distinguished delegates,

Let me take this opportunity to say a few words on behalf of the Least Developed Countries.

As stated in the first meeting, we are glad to see that we are now participating in the first substantive meeting of the open ended working group.

As proposed, we would like to focus our comments on the special measures for the LDCs, implications of graduation and existing smooth transition measures.

Our legitimate aspiration is to achieve early graduation as it marks an important milestone in the development process of a country. It also indicates a higher level of income, strengthening of human capacities and better economic opportunities, away from higher level of vulnerabilities and level of equilibrium. It should be able to bring with it a sense of development achievements as well as confidence in the graduated country. Side by side, we have also to look at what challenges they face in terms of managing their development process in a smooth manner, so that we can avoid any abrupt reductions in financial and technical assistance and other support measures. This means that LDC status should be phased out consistent with their smooth transition strategy, taking into account each country's particular development situation and vulnerabilities, as outlined in the Istanbul Program of action. What we are all looking forward to therefore is a process that leads us all towards a better, predictable and sustainable future for all our people.

This overarching objective will guide our thoughts on the deliberations here.

Let me stress here that preparation of vulnerability profile by UNCTAD and ex ante impact assessment by DESA should be done thoroughly in an exhaustive manner. Furthermore, interactions and close collaboration with the national governments and stakeholders should be further strengthened.

The special measures for LDCs relate to ODA, market access and other Sand D treatment in trade related matters, access to funds from international organisations on a concessional basis, due consideration in technical cooperation, and support for participation in international conferences, among others.

Since many of the graduated countries will still have a special nature of transition to a new stage, their requirements for development assistance and challenges remain high. Therefore we should make sure that the development support that has been provided to them with ODA should be maintained to ensure their uninterrupted progress towards a new situation. Similarly, funds and programs of UN and the International organisations should be asked to make sure that their programs are not hampered by the new status of the recently graduated LDCs for a considerable period of time.

In the same vein, we have to see whether the withdrawal of market access in trade and some of the S and D provisions will have a negative impact on their trade prospects. If that is the case, then the facilities being provided to them should be maintained till the time that is necessary to ensure smooth transition to the new stage. We see a lot of close co relationship between trade and development. There must be a stronger support for diversification of trade and expansion of their productive capacity to make use of various trade concessional measures applicable to the graduated countries at various stages.

We acknowledge that a few development partners have extended benefits to some LDCs that have graduated. We should look at how we can further strengthen these measures to make sure that the progress is not interrupted for the LDCs.

The other issue of importance is how to make sure that the grants and concessional loans by international organisations would be continuously provided to the graduated countries in a manner, that they become least burdensome to them and also that that would have no adverse impact on their development prospects.

Many of the graduated LDCs are also prone to multiple vulnerabilities like other LDCs, and that any major internal or external shock could easily upset their development gains. It is therefore imperative that the existing process should be strengthened so that both graduating and graduated countries do not confront disruptive development challenges.

In our view, a smooth transition strategy should take into account a country-specific analysis of the likely impact of graduation on their quality of life and sustainability.

Participation in international process is key to voice the respective concerns and raise the issues of interests to the global community and seek their redress in an equitable manner. Therefore after the LDCs, priority should be given to the graduated countries to provide support for participation in the international conferences.

In conclusion, we have to look at the challenges of smooth transition process within the broad framework of sustainability as well. As such, we call for making the mechanisms more effective by providing additional incentives for graduation. Strong and supportive measures for smooth transition will encourage the LDCs to make decisive steps towards graduation with enhanced confidence. At the end of the day, graduation is something that all LDCs look forward to, as the progress towards a new stage of development opens up new opportunities for fuller participation in international economic processes with more confidence. One certain way of doing this is, as called for by IPOA, by ensuring a full and effective delivery of the commitments made to the LDCs, creating a better international framework for the development of the LDCs by strengthening coherence among all support measures and making their progress sustainable and far reaching, together with strengthened measures for a smooth transition.

Thank you.