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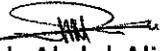
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Fax Message

To : Chief Editor and Managing Director, UNB, Dhaka.
From : Counsellor
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With request to please arrange appropriate coverage.


Md. Abdul Alim

Press release

Dhaka calls for unconditional grants from international financial institutions

New York, 13 March 2008

Dhaka calls for increased and unconditional grants from the international financial institutions, in particular from the World Bank, to assist the Least Developed Countries (LDCs) in achieving the Millennium Development Goals (MDGs). Ismat Jahan, Ambassador and Permanent Representative of Bangladesh to the United Nations made this call while she was making a statement, on behalf of 49 LDCs, in a preparatory meeting for the follow-up international conference on financing for development, held from 10-11 March 2008 at the UN Headquarters in New York. The follow-up conference will take place in Qatar, Doha from 29 November-2 December 2008. The preparatory session was focused on the governance of the international financial institutions and external debt.

Ambassador Ismat Jahan expressed deep concern that during last few years, the net flow of resources from the World Bank and the IMF had become negative. The figure reached negative by \$25 billion in the year 2006. She added that the developing countries had been heavily engaged in self-insurance by accumulating huge foreign currency reserves. Ismat Jahan said that while these reserves were not yielding much benefit, developing countries were borrowing at a very high interest rate to finance their own development. She called upon the international community to create a system which would allow the LDCs to borrow from international creditors, at zero interest mark-up, against their own reserves.

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Ambassador Jahan stressed the need for ensuring good governance in the international financial institutions. She expressed concern that the LDCs were seriously under-represented in the Bretton Woods Institutions (World Bank and IMF). She called for a fundamental reform in the voting system and accountability structure of these institutions. She invited the International Monetary Fund to undertake surveillance over all economies, in particular over systemically important countries which were issuing major reserve currencies.

On external debt, Bangladesh said that external debt burden greatly aggravated the poverty trap in the LDCs. Ismat Jahan further added that the indebted countries were home to majority of the world's poor. The governments of those countries were servicing their debt at the cost of much-needed public expenditure on health, education, nutrition and social safety nets. This affected the long-term productivity of their economies and their ability to be debt-free. She called upon the international community to write-off all outstanding debt of LDCs without imposing any political conditionality. Bangladesh urged that all future debt to LDCs should be concessional and grant-based without any conditionality.
