

## **ECOSOC Special Meeting on Small Island Developing States (SIDS), Least Developed Countries (LDCs), and Landlocked Developing Countries (LLDCs)**

### **Summary by the President**

**23 April 2021**

A Special Meeting of the Economic and Social Council on Small Island Developing States (SIDS), Least Developed Countries (LDCs), and Landlocked Developing Countries (LLDCs) took place virtually on 23 April 2021. It aimed to mobilize international support and attention to the situation of these groups of countries. Particular attention was placed on the severe impact of the COVID-19 pandemic, including its immediate health, economic and social impacts, as well as disruptions in trade and production.

Key messages and recommendations from the discussions are summarized as follows:

#### ***Understanding the vulnerability of Small Island Developing States (SIDS) - impact of COVID-19 and moving on the road to recovery***

- Covid-19 has exacerbated the current challenges for SIDS, resulting in a new array of challenges that could jeopardize the implementation of the 2030 Agenda and the SAMOA Pathway. For SIDS, the pandemic is equally a health and an economic crisis. In most cases SIDS have seen significant revenue falls in the face of rising debt burdens.
- There is a need for international solidarity and the inclusion of SIDS in global strategies to address their debt issues, including through the use of new and innovative financial instruments that incentivizes ex-ante resilience building.
- Sustainable financing should be ensured based on an understanding of the vulnerabilities of SIDS and the resources they need. This must include an understanding of country capacities and ability to access and absorb resources and technology.
- Any COVID-19 response must also be buttressed against consideration of the risks associated with climate change and extreme natural events, thus reinforcing the need to build resilient economies. Once priorities have been set, implementation will be key to success.
- Debt relief and restructuring in all SIDS, need to be explored. Greater flexibility is needed in the assessment of these countries' fiscal situations and extended credit facilities need to be considered. In this regard, the use of historical measures of GDP per capita for accessing financial resources captures neither who is most affected, nor who is least able to respond to the pandemic and should be supported. New instruments for debt relief are required. The G-20 Debt Service Suspension Initiative (DSSI), although a welcome initiative, does not include most SIDS (only 11 SIDS are currently eligible).
- There should be an international consensus on the need for moving beyond the GDP per capita criterion as the sole means of accessing concessional resources. GDP per capita alone falls short of being able to assess the full range of the extent of interrelated risks and resources that combine to affect countries' ability to respond to shocks. There needs to be a broader based criterion that includes vulnerability.

- A universal multidimensional vulnerability index (MVI) is needed, which provides additional criteria to determine equitable access and fair allocation of resources. Such an index would truly measure SIDS vulnerability to exogenous shocks. COVID-19 is an example of an exogeneous shock for which SIDS need carefully targeted support.
- SIDS face challenges in equitable access to COVID-19 response tools. To eliminate bottlenecks, the following actions are needed: 1) full financing of the ACT accelerator; 2) ramping up production in developing countries particularly countries in special situations, through necessary exceptions in the TRIPS agreement; 3) trade barriers that hamper distribution of vaccines and other protective equipment must be lowered down; 4) countries that have excess supply of vaccine are under moral obligation to redistribute it to where it is most needed.

### *Financing a resilient recovery from the cascading effects of COVID-19 in LDCs and LLDCs*

- LDCs and LLDCs have been among the countries most severely impacted by the COVID-19 pandemic. Health systems are often overwhelmed, and the socio-economic impacts of the pandemic are massive. Due to dramatic drops in revenue and limited fiscal space to provide social protection, poverty and inequality are rising at unprecedented rates in the LDCs and LLDCs. Progress towards the achievement of many SDGs is being reversed, and the impacts of the pandemic are likely to be felt for several years to come.
- Access to COVID-19 vaccines has, to date, been very low with only 1 in every 500 people receiving a vaccination so far. It is crucial that there is a safe, equitable, expeditious and affordable access to COVID-19 vaccines. This will require a significant increase in production as well as agreements on sharing the technology and licensing of existing vaccines so as to leverage vaccine manufacturing capacities available in LDCs and LLDCs.
- The pandemic has led to the urgent need for liquidity support for LDCs and LLDCs. Available windows of funding are dwindling. Participants suggested providing increasing aid flows, innovative financing tools, Special Drawing Rights (SDR) re-allocation towards LDCs and LLDCs as well as more resources to Multi-Lateral Development Banks to enable additional concessional and non-concessional financing.
- There were calls for a fully financed global stimulus package and crisis packages for LDCs and LLDCs. There were also calls for greater synergy and cooperation among UN entities, international financial institutions, member countries, civil society, and the private sector to address escalating threats of climate change, food, water, energy and security.
- Prior to the pandemic, 18 out of 46 LDCs were already facing a debt crisis. COVID-19 has exacerbated this problem. Measures like the G20's Debt Service Suspension Initiative (DSSI) have been helpful in alleviating some of the pressure but are insufficient. Further debt reduction and debt support is needed. There were calls for expansion of debt initiatives, such as state-contingent debt initiatives, fixed interest lending and a common framework for debt treatment. This included discussions of the importance of a permanent facility as well as on country-level contract disclosure laws.
- LDCs and LLDCs often lack the critical infrastructure to support trade and transit, which could help small and medium enterprises and industries to survive the pandemic and help drive the recovery. More investment needs to be channeled in building sustainable infrastructures in critical sectors such as transport, energy, water and sanitation, and ICT with international support. The UN has approved electronic systems to be used at border crossings, which could boost trade potential of LLDCs.
- The LDC-5 Conference in Doha, Qatar in January 2022 is a shared opportunity to build an ambitious agenda to get back on track and achieve the Sustainable Development Goals. Many targets from the Istanbul Programme of Action remain unachieved and the next

programme of action should take those into account while considering new and emerging issues. There were calls for a short, action-oriented document that mobilizes international solidarity and support for scaling up development and climate finance, new innovative sources of finance, building resilience, leveraging benefits of science, technology and innovation as well as renewed efforts to foster structural transformation.

### **Key Announcements and Proposals**

- Reference was made to the **Small and Less Populous Island Economies (SALPIE) Initiative**, launched by the **US Government** to strengthen cooperation with the islands of the Pacific, Caribbean, and North Atlantic. The initiative aims to counter COVID-19 economic challenges, promote economic recovery, respond to the climate crisis, and advance longer-term shared interests.
- The Minister of Foreign Affairs of **Malawi** invited the UN Secretary-General to create a **High-Level Panel of experts on the debt crisis of LDCs** that would review LDCs' debt and debt servicing capacity as well as SDG needs, and provide recommendations to the General Assembly for its consideration.
- **The European Union** announced that in the new **EU Financial Framework for 2021-2027**, funding for external financing will increase by 17%, and that all financial instruments will have target of 30% of expenditures to support climate objectives.
- **China** announced that it has reached **debt suspension agreements** with several LDCs and LLDCs.
- The **United States of America** announced that the US international climate finance plan aims to double climate finance to developing countries by 2024 (relative to average level of contributions made during second half of President Obama's term in office).

As President of the Economic and Social Council, I am committed to continue this important dialogue on the situation of SIDS, LDCs, and LLDCs at upcoming meetings of ECOSOC and the high-level political forum on sustainable development.

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