



2021 ECOSOC SPECIAL EVENT ON SIDS, LDCs AND LLDCs

23 April 2021

10:00 am – 1:00 pm and 3:00 pm to 5:00 pm

Introduction

Small Island Developing States (SIDS), Least Developed Countries (LDCs) and Landlocked Developing Countries (LLDCs) have been particularly impacted by the COVID-19 pandemic, including not only its immediate health and social impacts, but also its indirect consequences through economic changes and disruptions in trade and production.

International solidarity and integrated and multidimensional policies and measures are urgently needed to support those countries, who already faced major sustainable development challenges before the crisis.

The special ECOSOC meeting aims to mobilize international support and attention to the situation of SIDS, LDCs and LLDCs. The fifth UN conference on the LDCs will be the opportunity to consider further the outcome of the discussions of the meeting. Other forthcoming events on SIDS, LDCs and LLDCs -as well as other major United Nations events in 2021 and 2022 should also increase the priority given to these countries and mobilize dedicated actions to improve their situation.

The ECOSOC President will keep countries in special situations high on the agenda of ECOSOC, including the high-level political forum under its auspices. The President of the General Assembly has established a Board of Advisers on Least Developed Countries, Landlocked Developing Countries and Small Island Developing States to mobilize expertise and strategic vision on how important moments of the General Assembly and other meetings can be leveraged to increase the consideration of countries in special situations and to support the President's own advocacy in support of these countries.

Understanding the vulnerability of Small Island Developing States (SIDS) – Impact of COVID-19 and road to recovery

10:00 am – 1:00 pm

Overview

1. Small Island Developing States (SIDS) are at a critical juncture on their path to sustainable development and the achievement of the 2030 Agenda as well as the SAMOA Pathway. Although many SIDS have made considerable progress in economic growth, social development, and management of the environment, their small size, geographical remoteness, susceptibility to the effects of climate change, and exposure to external shocks pose substantial challenges for their sustainable development. These challenges have been exacerbated by the impact of the COVID-19 pandemic and highlighted the urgent need for decisive actions for sustainable and resilient recovery.

Challenges faced by SIDS

2. The COVID-19 pandemic has impacted every aspect of life beyond the health sector in SIDS. These countries, which have already been experiencing many structural gaps (in areas such as infrastructure, technology and competitiveness), must now tackle the serious economic and social repercussions of national efforts to control the spread of the disease. This has also posed a considerable challenge to governments, already burdened by high levels of public debt and debt service payments, to provide support to struggling businesses and to the increasing numbers of unemployed, particularly those in the informal sector. Those working in the tourism sector have been hit especially hard. New development solutions and approaches are needed to chart the course to prosperity, and to allow SIDS to achieve the SDGs, the ambitions of the SAMOA Pathway, the Paris Agreement and other related internationally agreed outcomes. The international community must take urgent and concrete actions to support SIDS in addressing their vulnerabilities post COVID-19. The overriding development goal for these countries must be resilience-building, which must encompass the three pillars of sustainable development.

3. There is an urgent need to address *unsustainable high levels of debt* in SIDS. Prior to the pandemic, SIDS were already facing economic challenges due to high debt burdens. The high debt portfolios are largely a result of borrowing at high cost, in order to rebuild after devastation from climatic events. The immediate concern now is high debt service costs, which limit governments' fiscal space and ability to address serious issues related to climate change, such as investing in appropriate adaptation programmes, supporting disaster risk mitigation and risk reduction efforts, and pursuing economic restructuring to build resilience. With the record decline in revenue from the tourism industry and without alternative sources of foreign exchange revenues necessary to service external debt, pay for imports and the essential health measures needed to cope with the pandemic, any gains in debt reduction are expected to be reversed, as public borrowing increases and economic activity contracts in the wake of the COVID-19 pandemic. The inability of the international community to offer tailored responses to SIDS limited fiscal portfolios will worsen their economic turmoil.

4. There is an urgent need to continue to address *the impacts of climate change* – SIDS experience the world’s highest frequency of natural disasters. The costs of post-disaster reconstruction can be exorbitant. On average, natural disasters cause damage equivalent to 2.1% of GDP every year in SIDS. In the midst of the pandemic, the Pacific region was hit by Cyclone *Yasa*, a category 5 storm, which destroyed hundreds of buildings and caused approximately \$1.4 billion in damage to health facilities, homes, schools, agriculture and infrastructure mainly in Fiji. At same time, the Caribbean region saw its most active hurricane season on record, which resulted in billions in damages and loss of life.

5. There is an urgent need to address *the healthcare sector*. The proactive stance taken by several SIDS governments in closing borders, schools and various economic sectors prevented health-care facilities from being overwhelmed. Although this means that the economic cost to the health sector in SIDS has been relatively low, the impact on the wider economy has been profound. As SIDS prioritized spending in prevention, testing, treatment and infrastructure, it is evident that, in anticipation of future pandemics, adequate investment in the health sector, to ensure effective prevention, and early detection and treatment, will provide cost-effective insurance against a much greater economy-wide impact at the national and subregional levels. As the world moves towards vaccination, SIDS are now facing extreme challenges in accessing vaccines, despite their participation in COVAX.

Bold action is required

6. Only a handful of bilateral and multilateral institutions have supported SIDS in mitigating the impact of the pandemic. Only 4% of available COVID-19 funding for developing countries was spent on SIDS. Meanwhile, the GDP of SIDS will likely shrink by as much as 5%, almost two times more than the predicted global contraction of around 3%. Immediate and effective commitments for long-term debt relief from all creditor nations are required for SIDS. Whilst there has been some support for the suspension of debt repayments for IDA eligible countries, most SIDS do not fall into this category. Debt relief and restructuring in all SIDS, need to be explored, with greater flexibility in the assessment of developing countries' fiscal situations, and extended credit facilities. In this regard, the persistent use of historical measures of GDP per capita captures neither who is most affected, nor who is least able to respond to the pandemic. Adequate adjustments should be addressed in this regard.

7. The latest UNGA mandate, in its resolution 75/215, on the potential development, use, finalization and coordination of work within the UN system on a multidimensional vulnerability index (MVI) of SIDS is an important step in this direction. The need for the development of indices that adequately capture the special vulnerabilities of SIDS is rooted in Agenda 21, and has been repeated in the BPoA, the Mauritius Strategy and the SAMOA Pathway. Over the last 3 decades, a plethora of annual UNGA resolutions also carry similar calls.

Guiding Questions for discussion

- a) *What type of resources are currently available to SIDS to enable them to recover from the pandemic and the economic crisis? Can all SIDS benefit from these resources?*
- b) *How would debt restructuring, debt relief or debt forgiveness support the recovery process?*

- c) *How could a multidimensional vulnerability index assist in the sustainable development and resilience building of SIDS? How should it be constructed and what could be its possible uses?*
- d) *Climate financing needs to be targeted more to SIDS; how can SIDS be better positioned to access additional climate financing? And what are some innovative climate financing tools available to SIDS?*
- e) *Access to vaccines and budgetary support for continued improvement of the health infrastructure in SIDS will be key in supporting SIDS to respond to and recover from COVID 19. What type of resources are currently available to support SIDS in this regard?*
- f) *How can concessional funding allocations be expanded to allow SIDS to move further away from potentially higher cost sources of financing and expedite the building of resilient infrastructure to address the urgent needs of SIDS on transport (air, maritime, and land), digital connectivity as well as minimize the impacts of disasters and climate change?*

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

3:00 pm – 5:00 pm

Overview

1. The least developed countries (LDCs) and the landlocked developing countries (LLDCs) are the hardest hit by the COVID-19 pandemic with a dramatic set back on progress in the SDGs. Their pre-existing structural constraints, weak fiscal buffer and rapid sliding in revenue collection are seriously constraining their recovery from the multiple and cascading impacts of the pandemic.
2. LDCs and LLDCs need to put in place immediate crisis response packages that stimulate inclusive economic growth and job creation and focus on green recovery, while accelerating the achievement of the SDGs and strengthening resilience against future shocks.
3. These countries need huge investment in vaccines, public health system, social protection floors, sustainable and resilient infrastructure-both physical and digital, transit transport, diversification, innovations and building human capital through ICT skills.

4. While globally trillions of dollars are mobilized for recovery from the pandemic, the stimulus financing is highly concentrated in developed and advanced developing countries bypassing the LDCs and LLDCs. In dollar terms, stimulus spending per capita averaged nearly \$10,000 in the developed countries, while it amounted to less than \$20 per capita in the LDCs in 2020. Thus, for every additional dollar per capita of stimulus that the LDCs managed to mobilize, the developed countries spent nearly \$580 per capita on stimulus.

5. LDCs and LLDCs are in urgent need of fresh additional concessional financing, fully funded Access to COVID-19 Tools (ACT) Accelerator, addressing spiraling debt burden and a special allocation of Special Drawing Rights (SDRs). The international community needs to exert maximum efforts to leverage traditional sources of finance as well as explore innovative tools to meet the financing gap that exists in LDCs and LLDCs.

6. This event assumes special significance as preparations of the Fifth UN Conference on LDCs (LDC5), to be held in Doha, Qatar from 23-27 January 2022, are undergoing. The General Assembly has outlined four interconnected and mutually reinforcing mandates of the Conference such as (i) a comprehensive appraisal of the implementation of the Istanbul Programme of Action, (ii) new and emerging challenges and opportunities; (iii) reaffirming the global commitment to addressing the special needs of the least developed countries, and (iv) adopting a renewed partnership for LDCs. This event is expected to make important contributions to the LDC5.

Guiding Questions for discussion

- a) *What kind of stimulus package is necessary for LDCs and LLDCs to recover faster and greener from the pandemic?*
- b) *How to finance resilient infrastructure and sustainable transit transport system in LDCs and LLDCs?*
- c) *How can sustainable infrastructure lead to cross-sector economic impacts and resilience building?*
- d) *What type of innovative tools of financing could be considered to meet the financing gap in LDCs and LLDCs?*
- e) *How can LDCs and LLDCs meaningfully benefit from the special allocation of SDRs?*
- f) *What measures could be adopted to address the debt problems of LDCs and LLDCs in a comprehensive manner so as to address unsustainable debt and avoid debt crises?*
- g) *How can we ensure debt sustainability of these countries while meeting their financing needs for realizing the SDGs?*

Format and outcome of the meeting

The special meeting will consist of brief opening sessions followed by moderated interactive panel discussions and brief closing sessions. The panel discussions will comprise of short presentations by panellists focusing on the guiding questions to be followed by an interactive dialogue among all meeting participants, including representatives of the Member States and other stakeholders. Capital-based senior policy makers are encouraged to attend.

The outcome of the meeting will be a President's summary to be circulated to Member States and other stakeholders.