

**United Nations ECOSOC Special Session on Small Island Developing States, Least Developed Countries and Landlocked Developing States:
Financing a resilient recovery from the cascading effects of COVID-19**

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"The Promise of a Post Pandemic World Where We All Have Enough"

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(Remarks as prepared for delivery)**

Your Excellencies, it's good to be with you for this critical high-level event on COVID response for Small Island Developing States (SIDs), Landlocked Developing Countries (LLDCs) and some of the world's poorest countries or Least Developed Countries (LDCs). I'd like to especially thank His Excellency, Munir Akram for focusing us on countries struggling with specific disadvantages from the crisis.

As we are all aware, we face the most serious crisis of our lifetimes and no country has escaped the economic or health crises spurred by the wrath of this pandemic. 495 million jobs lost, 265 million more people face famine, 95 million more people entered the ranks of extreme poverty over the last year and millions of lives lost to COVID. From wealthy countries to poor countries, jobs are gone and millions of children experience hunger for the first time.

With great sadness, we question whether our dream to reach the Sustainable Development Goals will ever be a reality. Will we have the ability to muster the political will not only to emerge from resilience from this great crisis, but to ensure our goals to end poverty, address inequality and protect our planet are realized?

Small islands, poor countries and landlocked nations faced considerable risks and vulnerabilities before the pandemic struck. The COVID pandemic made the situation worse and too many countries are left out of global agreements to deal with the crisis. These countries struggle to provide vaccines and lack aid to support jobs, address climate change and feed their people.

While this morning we highlighted the vulnerabilities unique to small islands, now we focus on the challenges and the solutions for the poorest, Least Developing Countries and Landlocked Developing Countries.

Let's be clear about the unique challenges LDCs and LLDCs face.

LDCs face acute vulnerability: relatively small economic size, sluggish progress of structural transformation and heightened dependence on external aid and finance, institutional weaknesses, political instability and in too many cases, conflict.

The proportion of the global poor in the LDCs more than doubled since 1990. Nearly half of the population in LDCs live in extreme poverty, compared to 12% in other developing countries.

Economic growth is highly volatile in the poor LDCs. These are countries extremely vulnerable to external shocks such as sharp swings in trade, commodity prices, disasters and pandemics. Before COVID we remember the shock to the three West African countries to Ebola.

LDCs suffer from aid dependence. Official Development Assistance (ODA) accounted for one third of total external development financing of Least Developed Countries in 2014–2017, as compared with just 4.5 per cent for all other developing countries.

The level of concessionality decreased –this is true for developing countries in general, but especially hits Least Developed Countries because they are so aid dependent. Grants are stagnant. The proportion of loans in total ODA disbursements to LDCs increased by more than 10 percentage points between 2011 and 2017, surpassing 25 per cent in 2017.

Before the pandemic, LDCs total stock of external debt more than doubled between 2007 and 2017, jumping from \$146 billion to \$313 billion. As of May 2019, 18 of the 46 LDCs covered by the Debt Sustainability Framework of the World Bank and International Monetary Fund, already faced debt crisis. These countries are relying more on commercial creditors and of bilateral non-Paris Club creditors.

While many Least Developed Countries are Landlocked developing countries, they all share in common challenges that are exacerbated by the corona crisis. Unsustainable debts, lack of health infrastructure, tax evasion, the relative size of the informal economy compared to the formal economy, weak tax administration systems, corruption, illicit financial flows and underperforming public institutions are some of the challenges.

More deeply LLDCs lack infrastructure – which they need to offset geographical constraints or "landlocked" constraints. An estimate of 2018 put infrastructure financing requirements to cover all components of infrastructure from 2018 to 2030 in the LLDCs to \$180 billion or \$15 billion a year in 2010 dollars. Their dependence on transit through neighbors made them more exposed to negative impacts because of restrictions the COVID response required.

The last great point of concern for both LDCs and LLDCs, is the lack of vaccine access. For the LDCs and LLDCs, across Africa - for example - less than 1% of their populations have been vaccinated.

Given the problems LDCs and LLDCs face, let us examine a few critical solutions to address the pandemic, have a chance of emerging from the crisis with resilience and get us

back on track towards reaching the Sustainable Development Goals. Let me frame four areas that need our immediate attention for LDCs and LLDCs:

1.) Taxation - The US Treasury and IMF call for a global minimum corporate tax, is important and will raise global revenues. While we move towards consensus on this tax, this year, we must also acknowledge a common digital tax which could help raise the most significant revenues for developing countries.

2.) Increasing Aid flows - The countries we are discussing today need support. Two areas that are important are a reboot and increase to development banks to support highly concessional lending. These banks need more than \$200 billion replenishment to deal with the needs of these countries. Additionally, with consensus moving forward on accessing global reserve funds or Special Drawing Rights (SDRs) of \$650 billion, the \$224 billion that will be immediately generated for developing low-income and middle-income countries will be essential. Now our conversation must turn to ensuring that the remainder \$400 billion plus is reallocated in ways to support the needs of the countries we are discussing. SDRs reallocation should come as grants, not as more debt.

3.) Expanding debt reduction and transparency efforts is critical in several ways.

In terms of the G20 Common Framework to reduce debts.

A.) We need to be sure that all countries we are discussing can access debt reduction. So the framework needs to be expanded to include Middle-Income Countries that need relief, several of the landlocked countries we are focused on today.

B.) A promising feature of the Common Framework is that countries need to request comparable treatment from private sector. In spite of UN, US, G20, World Bank and IMF calls for the private sector to participate, much of the private sector continues to resist. Given LDCs and LLDCs are more dependent on commercial and private lending, these countries need the private sector to participate. We must ensure that Common Framework ensures comparable treatment from the private creditors.

C.) Given that these countries will likely continue to face debt challenges, we need to begin the conversation on how the Common Framework can lay the groundwork for a permanent facility.

D.) Beyond the Common Framework discussion, every country can protect themselves with the power of debt transparency. I urge all Small Island Developing States, Least Developed Countries and Landlocked Developing Countries to publish the terms of private and public debt contracts in a vehicle available for public review - before, the contracts are signed. This can be done in a national registry or newspaper. Taking this action would also remove the chief concern of the private sector on publicizing this information: competitiveness. Because all debt contracts would be publicly and

transparently available, the issue of competitiveness becomes moot.

4.) Vaccine Distribution - Again, of the LDCs and LLDCs we discussed today in Africa, less than 1 percent of their populations have been able to access one dose of the vaccine.

A.) We must move forward a vaccine patent waiver so more production can move forward.

B.) Wealthy countries must start donating their surplus of vaccines to developing countries.

The vaccine question is critical for these countries in terms of economic growth, revenue raising and achieving debt sustainability. Dealing with vaccine equity for developing countries is linked to wealthy economies as well. The longer that developed countries lack vaccine access, wealthy countries will face challenges with exports and imports. The longer we wait to vaccinate the developing world, the more virus variants and mutations will evolve and re-infect people in all countries and affect northern economies.

In closing - according to the most recent IMF data - most countries will be in worse shape post pandemic. Only two will experience more certain recovery, the United States and China. Even in these countries, poverty and inequality increases.

My largest concern is that as some countries experience differing degrees of recovery, we will forget the majority of countries whose suffering increases. After previous crises, such as in 2008, we saw the world come together on bold solutions that would prevent future crises and address inequality. While agreements were reached, implementation failed. Had we improved debt restructuring, dealt with tax issues and corruption and put in place financial crisis resolution tools before this crisis - the pandemic would not have spurred the greatest economic crisis since the Great Depression. It's critical in the coming months and years, we mobilize the political will to implement solutions. Implementing solutions now will help us deal with the current crisis and prevent future crisis.

My organization, Jubilee USA, represents all major religious groups. Inspired by the scriptures of Jews and Christians and the teachings of Islam, we believe in God's promise to us - the *Jubilee Promise*. We are promised to live in a world where we are all protected from having too little or too much. A promise where God shared with us a rich and abundant world and we are closest to the Creator when we share those resources among one another.