

Statement on behalf of the Least Developed Countries by Ambassador Perks Ligoya, Permanent Mission of Malawi to the United Nations at the HLPF session on Mobilizing international solidarity, accelerating action and embarking on new pathways to realize the 2030 Agenda and respond to COVID-19: African countries, Least Developed Countries and Landlocked Developing Countries

Thursday 9 July, 2020

Madam Moderator
Honourable panelists
Excellencies, delegates,

I thank the panelists for their insightful presentations. I can't agree more to what the panelists have just alluded that the LDCs are lagging behind in the implementation of the 2030 Agenda and the challenges of LDCs with regard to COVID-19 is unprecedented.

We are passing a time of staggering multidimensional crises. COVID-19 itself is the biggest crisis in a century. It also begets economic and humanitarian emergencies at the global scale. It has exposed how agile our economic and social protection systems are.

Hundreds of thousands of people have lost their lives. More than a billion children have been shut out of schools. Trillions of dollars of economic activity have disappeared. Income from production, exports and remittances has plummeted. Disposable household income has dropped down sharply. Consumer price index is soaring. Government expenditure on health services has skyrocketed, seriously compromising essential expenses on other vital economic and social sectors.

The three recent reports on SDGs, two of them published by the UN and one by the Sustainable Development Solutions Network (SDSN) have projected frightening picture of SDGs in the face of COVID-19. They also portrays how LDCs are struggling to meet the SDGs.

The world was already off track to end poverty by 2030 even before COVID-19. Around 35 per cent of the population of LDCs still live in extreme poverty. The pandemic is going to push back around 71 million people into poverty worldwide. A major share it will occur in LDCs. The UN projection suggests that, with business as usual approach, more than 30 per cent of the population of LDCs will still live in extreme poverty in 2030.

Malnutrition and prevalence of food insecurity is rising in LDCs. Around 23 per cent of our population are in severe food insecurity condition, which is about

231 million in numbers. Thus, 33.8 per cent of the people in the world suffering severe food insecurity live in LDCs. According to FAO, due to COVID-19, the number of undernourished people in net food importing countries would increase by 14.4 million to 80.3 million, with much of the increase coming from LDCs.

Infant and maternal mortality continues to remain a big challenge. According to SDG report 2020, maternal deaths in LDCs is still 415 per 100,000 live births against the global target of 70. The infant mortality rate is more than 46 per 1,000 live births against the global target of 25. COVID-19 have caused serious disruptions to the healthcare system of our countries, which would reverse decades of improvements. Hundreds of thousands of additional maternal and under-5 deaths may be expected in 2020 and beyond in our countries.

Handwashing is one of the cheapest, easiest and most effective ways to prevent the spread of the coronavirus. But in 2017, 60 per cent of people had a basic hand-washing facility with soap and water at home. In LDCs, the share was only 28 per cent.

Despite some progress in the school enrolment, around 18 per cent of our children were out of school in 2018, which is double the rate of the world average of 8.1 per cent. Almost half of the children out of school in the world are therefore in the least developed countries. It is alarming that COVID-19 is creating an education emergency with devastating impacts on children in LDCs. UNESCO estimates that in LDCs, where getting an education is already a struggle, over 111 million girls are staying at home. Lack of access to internet and digital equipments constrained online education facilities in our countries, which was availed in other parts of the world. School closures kept 90% of all students out of school reversing years of progress on education.

Even before the pandemic, economic growth in LDCs, while rapid, failed to approach the 7 per cent target. Real GDP growth rate for LDCs reached 4.5 per cent in 2018 and 4.8 per cent in 2019. Due to the pandemic, that rate is expected to weaken to 0.8 per cent in 2020 and is projected to increase again at a rate of 4.6 per cent in 2021. This means that LDCs are falling short of the SDG target of at least 7 per cent real GDP growth per year.

In LDCs, the share of manufacturing in GDP increased from 10.0 per cent in 2010 to 12.4 per cent in 2019. However, the rate of growth was too slow to reach the target of doubling industry's share in GDP by 2030. Moreover, manufacturing value added per capita in LDCs reached only \$132 in 2019, lagging far behind Europe and Northern America, where it was \$4,856. The pandemic has dealt a severe blow to manufacturing sector in LDCs causing disruptions in value chains and the supply of products as well as job losses and declining work hours in these sectors. The effects of COVID-19 have been so

destabilizing that they threaten to halt or even reverse progress towards SDG 9 and other Goals.

Least developed countries have seen significant growth in coverage of mobile-broadband signals, from 51 per cent in 2015 to 79 per cent in 2019. Still most of the global offline population live in LDCs, where only 19 per cent use the Internet, compared with 87 per cent in developed countries. Key reasons for this large gap are the cost of using the Internet due to infrastructural handicaps and the lack of necessary skills. In the area of fixed broadband connections, developed countries had 33.6 subscriptions per 100 inhabitants in 2019, while LDCs had almost no fixed-broadband connections owing to the high cost and lack of infrastructure.

The proportion of global GDP invested in R&D increased from 1.62 per cent in 2010 to 1.72 per cent in 2017. Yet regional disparities are extreme, ranging from 2.25 per cent in Europe and Northern America to 0.20 per cent in LDCs.

Access to electricity continues to remain a big challenge for our countries with still 49 per cent of our population living without access to electricity. International public financial flows to developing countries in support of clean and renewable energy reached \$21.4 billion in 2017. While the progress is encouraging, only 12 per cent of these financial flows reached the least developed countries, which are the farthest behind in reaching Goal 7 targets.

ODA remains the major source of external finance for our countries. We are encouraged that the declining trend in ODA has halted and reversed last year. However, the share of total ODA allocated to LDCs declined from 33 per cent in 2011 to 31 per cent in 2018. During the same period, the average share of GNI provided as ODA to LDCs from DAC donors declined from 0.1 to 0.09 per cent.

The share of LDC exports in global merchandise trade was just above 1 per cent in 2018, a slight increase from 2017. This is roughly the same level of 10 years ago, and far from the target of doubling by 2020. The share of global exports in services of LDCs reached 0.8 per cent in 2018. Difficulties in complying with conditions for preferential treatment and the increasing number of trade agreements among developed and developing countries are eroding the preferences of LDCs and narrowing the window of opportunity that these rates offer to our countries. Global merchandise trade is projected to decline by 13 to 32 per cent in 2020 as a result of the COVID-19 pandemic. LDCs will face serious impacts in their export of goods and services due to COVID-19.

Remittances to LDCs is an economic lifeline for many poor households. Due to COVID-19, remittances are sharply declining and WB projects that global remittances will decline sharply by about 20 percent in 2020 due to the economic crisis induced by the COVID-19 pandemic and shutdown. This is largely due to a fall in the wages and employment of migrant workers, who tend to be more

vulnerable to loss of employment and wages during an economic crisis in a host country. Due economic crises in the destination countries, there are many returnees and very few new migrations are happening. This is putting a huge uncertainty in the area of remittances to LDCs.

External indebtedness had become an increasingly serious concern in LDCs even before COVID-19. At the end of 2019, six LDCs were classified as debt distressed, while an additional 12 were rated at a high risk of debt distress. Debt servicing as a percentage of exports of goods, services and primary income stood at 8.7 per cent in 2018. The composition of the debt stock of LDCs has also changed significantly since 2011, with a higher share of private and non-traditional bilateral creditors, which in general have shorter maturities and higher interest rates than concessional financing. As the crisis unfolds, governments face an intense budget squeeze, as revenues decline while social spending rises. It is likely that more countries will default, ratings will be downgraded and eventually borrowing will be more expensive. The obvious result would be a cascade of defaults and balance-of payments crises that would touch many our countries that have hitherto managed their economies well.

Climate change is an existential threat for our countries. 2019 was the second warmest year on record. With current trends, global temperatures are projected to rise by up to 3.2°C by 2100. Based on the latest reporting under the Sendai Framework monitoring process from 80 countries in 2018, 23,458 deaths and 2,164 persons missing were attributed to disasters. Least developed countries (LDCs) were disproportionately affected by disasters in 2018. About 29 per cent of these casualties happened in the 17 LDCs included in the 80 countries. We are far from the climate finance target set out in the Paris Agreement.

Graduation from the category of LDCs symbolizes cardinal achievements of the UN and the international community. It is encouraging that more and more countries were meeting the graduation thresholds. However, COVID-19 will have serious impacts on the countries on the pipeline of the graduation. These countries have been experiencing massive falls in their export earnings, remittances and income from tourism sectors. Given the weakening economic growth, coupled with the severe toll on remittances, gross national income (GNI) per capita in these economies is likely to fall. These LDCs are also likely to exhibit poor scores in socio-economic indicators – used as criteria for LDC graduation – as governments grapple with competing resources. The looming protracted recession may constrain the graduation prospects of LDCs in the near term.

By the end of 2020, 21 of the 169 Sustainable Development Goal targets will have matured. Only five of them are already achieved or on track to being achieved. Two of these targets are directly related to LDCs. First one is to expand the number of scholarships to developing countries, especially LDCs, small island developing States and African countries. According to SDG report 2020, Official development assistance for scholarships amounted to \$1.6 billion in

2018, up from \$1.3 billion in 2017. However, the volume of official development assistance for scholarships to LDCs has declined from \$210 million in 2015 to 191 million in 2018.

The other target is to double the share of LDC global exports by 2020. As I have mentioned, the share of LDC exports in global merchandise trade was just above 1 per cent in 2018. This is roughly the same level as 10 years ago, and far from the target of doubling this share by 2020.

These are just a few snapshots where we stand in terms of the achievement of the 2030 Agenda and the challenges posed by the corona virus pandemic. The same disparities persist in all other targets and indicators. LDCs truly represent the battlefield where SDGs to be won or lost.

The world is facing a great deal of uncertainty shocks. This has detrimental effects on the economic and financial variables. It reduces consumer spending, halts business investment, increases unemployment, delays hiring, financing costs increase due to high risk premiums. These variables and factors are working in a vicious cycle and leading our economy to slip into a recession, which may sustain for years. We therefore need to address this uncertainty as early as possible.

Urgent, comprehensive, smart and decisive actions are needed now more than ever to save the world, especially LDCs, from a looming economic and humanitarian catastrophe. We are fully optimistic that we will overcome this complex challenge. Big responsibility lies on our shoulders. History will judge us how efficiently and prudently we chart the course of action.

Guided by this spirit, we have issued the statement of LDCs to respond to COVID-19, which also is issued as an official document of the UN, under the symbol A/74/843. We have suggested three mutually reinforcing courses of action, such as immediate response, mid-term recovery, and long-term strategic measures.

As short-term measures, we have called for emergency public health package for LDCs, including PPEs, ventilators and other medical equipment; financial support for social protection system; education support for students; immediate fulfilment of 0.15 per cent of gross national income as ODA to least developed countries; full debt cancellation going beyond IMF, WB and G-20 supports; lifting trade barriers and scaling up aid for trade; additional allocations, including increased special drawing right allocations for LDCs; and protection of migrants of least developed countries and promotion of their remittances.

From medium to long term, we called for free access to vaccines/immunization and antiviral drugs related to COVID-19; stimulus packages to stabilize the agricultural sector; a renewed and revitalized global trade framework to promote

export earnings of LDCs; enhance the quality, availability and affordability of the Internet and other online-related facilities, and providing countries graduating from the least developed category with continued and scaled up international assistance to support export sectors in order to avoid the reversal of development gains. We also urged that bold actions are needed to reach the bounty of modern technologies to LDCs, as a tool to cope with ongoing as well as new and emerging challenges.

We are calling for a new equilibrium at a higher intersection point that will not only boost our economy and save lives and livelihoods, but also protect our planet. We need to consider reformulate the systems at all levels, that is productive, efficient and rigorous.

These some of the ground realities under which we are preparing for LDC-5. The next programme of action for LDCs will coincide with the UN decade of action. We are deeply appreciative of the Government of Qatar for hosting LDC-5. We want to see and agree on a new global deal in Doha that will enable LDCs to build back better, smarter and resilient with renewed and reinvigorated global partnerships with a slogan that ameliorating the pains of some is the solemn interest of all.

I thank you all for your kind attention.