

Statement of the least developed countries on COVID-19

(Short version)

Burgeoning challenges and a global stimulus package for LDCs

28 April 2020

We are in the midst of a most challenging time brought upon by the novel coronavirus pandemic. It has brought our world to a standstill with unparalleled and unforeseen impacts on our lives, economies, societies and livelihoods. Hundreds of thousands have already lost their lives and the entire world is struggling to cope with the impacts.

COVID-19 is unfolding in Least Developed Countries (LDCs) at an alarming rate with many already experiencing community transmission. At present, nearly 300 death and 9000 known positive cases (OHRLLS, 19 April 2020) are recorded in LDCs. This number might be the tip of the iceberg as most of the LDCs do not have sufficient kits, know-how or laboratory facilities to conduct sufficient testing.

The LDCs are already suffering severe consequences in the form of commodity price shocks, loss of exports, investment and remittances along with a rapid plummet in tourism, with long-term ripple effects. The projected global recession will hit the LDCs hard, and with disproportionate consequences.

We commend the Secretary-General of the United Nations for his strong leadership and welcome the launch of the United Nations COVID-19 Response and Recovery Fund. We also appreciate G20 countries, the IMF, World Bank, WHO and other multilateral and bilateral development partners for their swift actions in the form of emergency health support, debt relief and other economic assistance.

Yet, these already announced support and assistance efforts are not sufficient for LDCs to meet the challenges that they are facing. We need stronger domestic measures and significantly scaled up international support in addressing the unparalleled social and economic impact of COVID-19. We are therefore calling for “**a global stimulus package for LDCs**” to be funded and implemented with immediate effect.

The package includes the following:

A. Immediate short-term measures

1. Emergency public health package for LDCs: To save lives and to protect public health systems, we urgently need an emergency public health package for LDCs. This package should comprise (i) 100 million each of personal protective equipment (PPE) and testing kits; (ii) 100,000 ventilators and supplementary equipment; (iii) 10 to 50 medical doctors and nurses to each LDC, upon request, to treat COVID-19 patients and train doctors and healthcare professionals; (iv)

support launching “Tele-health and Telemedicine Vendors”, under the auspices of the WHO supported by doctors in Northern and Southern countries; and (v) the lifting of all tariffs and non-tariff restrictions on the import of medical equipments by LDCs.

2. Support for social protection systems: Millions living in extreme poverty and the recently-unemployed in LDCs are now struggling for to meet their daily calorific needs. With a view to providing direct support in the form of cash or food to at least 350 million poor people in LDCs for a period of 12 months, we are urging our development partners to provide an immediate allocation of \$5.2 billion emergency assistance as fresh fund (additional to ODA) as direct budgetary support to our Governments.

3. Education support for students: Millions of students in LDCs, including over 111 million girls, are staying at home due to be pandemic, and most are unable to receive virtual education. We therefore need immediate support in the form of digital equipment, including low-cost laptops or other devices, to students where internet is available; and educational radio and television programs and distributing equipment such as radios and textbooks to the poorest and marginalized households, especially for girls. Students also need food for education programmes and other health and hygiene related support.

4. 0.15 per cent of ODA to LDCs: As LDCs are losing fiscal revenue at a massive scale and the pressure on government exchequers are skyrocketing, LDCs need additional financial support from all their partners. At this critical time, we are urging our development partners to provide at least 0.15 per cent of their GNI as Overseas Developed Assistance (ODA) to LDCs in 2020, which is within the lower boundary of their existing pledges. This will generate an additional \$43 billion in additional ODA. Countries of the South should increase their grants based and concessional financial assistance to LDCs.

5. Full debt cancellation: While we appreciate the recent debt relief initiative offered to some LDCs, we underline that all members of this Group are in serious financial constraints. We therefore, urge all creditors and development partners to (i) Grant debt relief for all LDCs with immediate effect, and until the decision on debt relief is made, (ii) announce immediate debt standstill for all LDCs; (iii) private and commercial creditors should join this debt cancellation and debt moratorium; (iv) provide grants-based ODA or highly concessional ODA with a grace period of at least ten years to avoid future debt default.

6. Lifting trade barriers and scaling up aid for trade: Earnings of LDCs from external sources are primarily dependent on garments and apparel; commodities; remittances; or tourism. All these sectors are seriously affected. We therefore call for (i) complete elimination of tariffs and nontariff barriers by our partners on health-related products for LDCs, (ii) importers from LDCs are requested not to cancel any existing orders or penalize the LDCs exporters for not being able to meet delivery schedules, and (iii) provide an increased share of Aid for Trade to LDCs to build their export capacity and foster diversification.

7. Additional allocation including increased SDR allocation for LDCs: Due to the decline in export earnings, remittances and other income flows, many LDCs are likely to face serious balance of payment and current account deficits. We are calling for (i) increased resources for LDCs from

the Poverty Reduction and Growth Trust, the Rapid Financing Instrument and the Rapid Credit Facility as well as other multilateral windows; (ii) the immediate issuance of Special Drawing Rights for LDCs, to the tune of at least \$50 billion, as part of new SDR allocations, which could be done through reallocating SDRs from high-income countries to LDCs.

8. Protect migrants of LDCs and promote their remittances. Remittances to LDCs are projected to fall by more than 20 per cent, representing a loss of a crucial financing lifeline for many vulnerable households. We call upon the host countries of migrant workers to (i) protect their jobs; (ii) to extend to migrant workers the same social protections and safety net measures granted to host country nationals, and (iii) to waive transaction fees of the remittances of LDC nationals until the pandemic is completely over.

B. Medium to long-term measures.

From medium to long-term, we are calling for the following international support:

1. Ensure adequate, affordable and rapid supply of vaccines/immunization and antiviral drugs related to COVID-19, when they are developed;
2. Provide technology, technical know-how and free license to manufacture antiretroviral drugs and vaccines, when they are developed and approved for mass use after necessary controlled clinical trials;
3. Launch a stimulus packages to stabilize the agricultural sector with seed distribution, fertilizer programs and subsidies for adoption of necessary technologies to ensure adequate food production in domestic markets;
4. Debt sustainability framework for LDCs should systematically take into account structural constraints and longer-term investment requirements for the implementation of the SDGs;
5. WTO members should launch a renewed and revitalized global trade framework to promote export earnings of LDCs and to enable them to achieve SDG target to double their export earnings;
6. Promote the use of digital transfers of remittances and reduce remittance transaction fees;
7. The quality, availability and affordability of internet and other online related facilities must be enhanced-especially in rural areas;
8. Provide 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 urge our development partners, both countries of the North and the South, UNDS, MDBs, IMF, private sector and foundations to act on our calls as early as possible. We urge the Secretary-General and the Deputy Secretary-General of the United Nations to take the lead in the implementation of the stimulus package for LDCs.