



Kazakhstan, Chair of LLDCs



**Summary Report of the 2021 Financing for Development Follow-up Forum
Virtual Side Event “Leaving no one behind: Financing Sustainable Recovery
from COVID-19 in LLDCs” that was held on Monday, 12 April 2021**

**Organized by Permanent Mission of Kazakhstan to the United Nations -
Chair of Group of LLDCs, Permanent Mission of Turkmenistan to the United
Nations and UN-OHRLLS**

Introduction

The 2021 Financing for Development Follow-up Forum Side Event “Leaving no one behind: Financing Sustainable Recovery from COVID-19 in LLDCs” was held on 12 April 2021. It was organized by Permanent Mission of Kazakhstan to the United Nations - Chair of Group of LLDCs, Permanent Mission of Turkmenistan to the United Nations and UN-OHRLLS.

Prior to the onset of COVID-19 pandemic, mobilizing adequate financing to support the Sustainable Development Goals (SDGs) was a major challenge for LLDCs, which require substantial resources to achieve seamless connectivity to global markets that is crucial for them to harness their trade potential to support their sustainable development. They also require resources to address the priority areas highlighted in the VPoA for LLDCs for the Decade 2014-2024, that are key to improving their integration into the global economy including: Fundamental Transit Policy Issues; Infrastructure Development and Maintenance; International Trade and Trade Facilitation; Regional Integration and Cooperation, and Structural Economic Transformation. The full and effective implementation of the VPoA is critical for LLDCs in achieving the SDGs. The Midterm Review of the VPoA in 2019 showed that while the LLDCs had made progress on their sustainable development, they still fell short of achieving the targets set and there were significant challenges that need to be addressed in order to meaningfully improve the welfare of the lives of 533 million people living in the LLDCs.

The emergence and spread of COVID-19, which is having an unprecedented impact on the development prospects of LLDCs and the implementation of the VPoA, has worsened existing vulnerabilities as LLDCs are now facing a decline in investment, trade, remittances, growing debt burdens, and severely reduced fiscal space. It also presents risk of reversing the progress achieved by LLDCs over the years.

The modest recovery of 4.1 per cent that is expected in 2021 for LLDCs would barely offset the losses of 2020. More efforts are required to ensure that the rebound is achieved and sustained. The vulnerable situation of LLDCs requires the enhanced support of international community to provide adequate financing and technical assistance to build back better for a more equitable, sustainable and resilient world, acknowledging that no single source of financing will be enough to close the COVID-19-induced financing gap.

The event featured remarks by Ms. Fekitamoeloa ‘Utoikamanu, Under-Secretary-General and High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States; H. E. Mr. Serdarov Muhammedgeldi, Minister of Finance and Economy of Turkmenistan; H.E. Mr. Peter Launsky-Tieffenthal, Deputy Minister of Foreign Affairs at the Austrian Federal Ministry for Europe and International Affairs; Mr. Liu Zhenmin, Under-Secretary-General, UNDESA; H.E. Mr. Magzhan Ilyassov, Permanent Representative of Kazakhstan to the United Nations, Chair of the Group of LLDCs; and Mr. Robert Powell, Special Representative to the United Nations of the International Monetary Fund (IMF).

National experiences were shared by H.E. Mr. Julio César Arriola, Ambassador of Paraguay; H.E. Mr. Amrit Bahadur Rai, Ambassador of Nepal; and Mr. Clement Namangale, DPR of Malawi. The

Side Event was moderated by Ms. Fekitamoeloa 'Utoikamanu, Under-Secretary-General and High Representative, UN-OHRLLS.

Proceedings

Opening Remarks: H.E. Ms. Fekitamoeloa Katoa 'Utoikamanu, Under-Secretary-General and High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States

Ms. 'Utoikamanu stated that the COVID-19 crisis continues to impact all countries and regions in the world, which has taken more than 2.8 million lives globally. The LLDCs have not been spared, and have experienced an increase in COVID-19 cases and deaths since the onset of the pandemic. According to WHO statistics, they now account for 2.1% and 1.9% of the world's total cases and deaths, respectively. The pandemic has also had marked socio-economic impact on LLDCs and their overall sustainable development. Government expenditures in LLDCs are increasing, but revenues are not. LLDCs have also witnessed a decrease in foreign direct investment and remittances, decrease in exports earnings and in revenues from tourism, and increase in debt burden. Many have lost jobs in both the formal and informal sectors in LLDCs, and many have been pushed into poverty, especially women, children and people living with disability.

Harnessing trade as a means to drive sustainable development in LLDCs has become much more difficult due to lack of smooth functioning of borders, lockdowns, disruptions in regional and global supply chains and the volatility of commodity prices. The pandemic has amplified the pre-existing vulnerabilities that these group of countries experience such as: heavy reliance on transit countries for international trade; high dependency on primary commodities for exports; inadequate transport, digital and energy connectivity, and limited social protection. The pandemic notwithstanding, the LLDCs also need to address other ongoing challenges such as the impact of climate change, food insecurity, desertification, droughts, environmental degradation, flooding including glacial lakes outbursts and other disasters. Harnessing trade as a means to drive sustainable development in LLDCs always was seen as a key developmental strategy.

While COVID-19 has changed much, it is important to focus on stopping the pandemic and preserving the hard-won gains already made on the SDGs and the VPoA, including the Political Declaration adopted at the Midterm Review of the VPoA. In the immediate, availability of safe and effective COVID-19 vaccines is critical, and hopefully multilateral initiatives like COVAX can be scaled up to reach the world's poorest.

She indicated that three critical areas of action deserve immediate attention and action. First is increasing the trade potential of LLDCs, including through enhanced trade facilitation, increased value addition and diversification. Increased trade is at the core of achieving sustainable economic growth, creating green and productive jobs, generating decent jobs and eradicating poverty. Second is increased investment into all forms of connectivity - transport, digital and energy. This is critical to a whole host of daily life aspects from food deliveries, to trade facilitation, e-commerce, e-government, education, health, or social distancing. Efforts must be stepped up to bridge the connectivity gaps between LLDCs and the developed world and between urban and

rural areas. Third is the need to foster greater cooperation between LLDCs and transit countries to deepen regional integration as a means of strengthening recovery efforts.

The High Representative underscored that the LLDCs with the power of their youthful population, have a great asset to now invest in cutting-edge technologies and innovations and drive transformative change to become land-linked countries. But many landlocked developing countries alone cannot invest in recovery and resilience, because of financing constraints and capacity constraints. Recovery, the building back better and achieving the SDGs will require enhanced and focused support from all partners be they development partners, transit countries, South-South partners, the UN Development System, Multilateral Development Banks, International Monetary Fund, private sector and foundations.

Ms. 'Utoikamanu noted that OHRLLS has, at the request of the LLDCs, doubled its efforts with undertaking necessary analytical work. In 2020 at the request of the LLDC Chair, OHRLLS coordinated the development of a roadmap for accelerated implementation of the Vienna Programme of Action. Together with partners and hosted by the Government of Botswana, OHRLLS recently successfully provided capacity building support on how to develop bankable transport infrastructure projects for enhanced connectivity to LLDCs and transit developing countries in Africa through a virtual training workshop, which is part of implementation of the project Strengthening the capacity of Landlocked Developing Countries to design and implement policies that promote transport connectivity for the achievement of the SDGs which is funded by the 2030 Agenda for Sustainable Development Sub-Fund of the United Nations Peace and Development Trust Fund.

Together with the International Think Tank for LLDCs, OHRLLS prepared a report on the socio-economic impact of COVID-19 on the LLDCs, while redoubling the advocacy and outreach work to make sure the messages of the most vulnerable 91 reach wider global audiences. OHRLLS, through the 'COVID-19 - The Most Vulnerable 91' campaign, puts a spotlight on the limited funding so far made available during the pandemic. During the Side Event, she therefore looked forward to a rich exchange of ideas and proposals on how LLDCs can be supported to achieve sustainable recovery post pandemic including accelerated implementation of VPoA and the 2030 Agenda.

Statement by H. E. Mr. Serdarov Muhammedgeldi, Minister of Finance and Economy of Turkmenistan

Minister Muhammedgeldi noted that the devastating socioeconomic impact of the COVID-19 pandemic will be felt strongly across the world in the coming years. A reliable and sustainable recovery of the global economy is only possible if adequate investments are made in the economic, social and environmental sustainability of the planet. A world free of COVID-19 will require the most ambitious public health and social recovery efforts in the world. "Build Better" should be the common motto. One of the key vectors of both world and economic development of Turkmenistan, at present, is the implementation of the Sustainable Development Goals, and the country applies an integrated approach to their implementation, following the principle of "Leaving no one behind".

The Minister indicated that Turkmenistan became one of the first countries in the world to express its full support for the 2030 Agenda for Sustainable Development and, as a landlocked country, pays special attention to the structural transformation of its economy in order to achieve the adopted SDG targets. Since 2015, the country has embarked on the process of nationalizing the SDGs and nowadays they are nationalized at the government level and largely adapted in public policy. All government programs are aimed at achieving sustainable development and make the consistent implementation of the SDGs one of the main priorities. 85% of the SDG targets are reflected in the existing national and sectoral programs of the country, which helps to stimulate the further socio-economic development of the country, to form an industrially developed economy, to use natural resources rationally and comprehensively, to introduce the latest technologies, to create a flexible infrastructure, to encourage innovation, while giving great attention to the widespread digitalization of the economy.

He proceeded by stating that Turkmenistan has already achieved significant results in terms of implementing the SDGs and continues to actively carry out comprehensive measures aimed at developing market relations, diversifying and increasing the competitiveness of the economy, developing transport and transit corridors, and introducing digital systems. The country continues to implement effective measures to adapt and mitigate climate change and protect the environment, deepen the socially oriented course of economic policy aimed at increasing the welfare of citizens. In a pandemic, it managed to maintain the stability of economic development, not to stop the work of industries and to support the financial and economic activities of business structures. At the end of 2020 and in 2021, the rate of economic growth (GDP) is maintained at 5.9%, despite the negative trends in the global economy. Turkmenistan took timely measures to protect its country from the global impact of the pandemic on its citizens and economy. The diversification of the economy of Turkmenistan, carried out over the past ten years and continuing at the present time, allows to smooth out losses in certain sectors. Every year the economy increases the export of products of non-hydrocarbon industries. The volumes of import-substituting products are growing significantly, the food security of the domestic market is improving due to local production, new modern production facilities are being built throughout the country both in the public sector of the economy and by private entrepreneurs, international and national projects are being implemented.

H.E. Mr. Muhammedgeldi recalled that in July 2019, at the UN High-Level Political Forum, Turkmenistan presented the first Voluntary National Review on the implementation of the SDGs. Based on the results of its consideration, the country is expanding its cooperation with key partners on the implementation of Strategy 2030. The achievement of the SDGs largely depends on global partnership and cooperation. And in this regard, Turkmenistan demonstrates its proactive approach in the successful implementation of the SDGs not only on a national scale, but also in strengthening its position as a regional initiator on various issues related to the countries of Central Asia. Securing financing for development is a critical component in the implementation of the 2030 Agenda. On this issue, Turkmenistan actively supported the Addis Ababa Program of Action. An important event in this regard, the International Seminar on Financing SDG Implementation: the Role of Integrated National Financing Frameworks was held in May 2020 in the city of Ashgabat with the participation of the UN and other international financial institutions. The final document on the seminar has been published as an official document of the 74th session of the UN General Assembly. Within the framework of the 75th session of the UN General Assembly, Turkmenistan initiated the holding of the UN Conference on Financing for Development at the global level in

2022, which is one of the key medium-term tasks in the development of the global economic system.

The Minister stressed that uncertainty about the dynamics of the pandemic remains one of the major risks affecting the “inclusiveness” of the world economy. Almost all countries have faced enormous losses, which are associated with a decrease in economic activity, due to many industries and productions stopping or going into incomplete operation. The recovery process may take years and will require additional sources of financing. As a result, it is necessary to take all necessary measures to address the social and economic consequences of the pandemic and attract investment resources to finance the 2030 Agenda for Sustainable Development. The ongoing global crisis and the uncertain recovery of many of the world’s advanced economies are having an impact on the financial situation of most developing countries. The deterioration of the current account balance is a huge risk for rising debt levels both external and internal, which may exceed the 60% threshold for many states in the region. And as a consequence, financial conditions will tighten, capital outflows will follow an upward trend, and financing risks will increase. This will affect investment in the region, as well as the balance of payments of the countries. The consequences of the pandemic and measures to counter it will require reallocation of expenditures, including those on health care, social services, human resources, and support for priority sectors in the non-state sector of the economy.

Minister Muhammedgeldi continued by sharing the experience of Turkmenistan in maintaining stable financial development. In mid-2020, the country adopted the “Support plan and response to acute infectious diseases in Turkmenistan” and the “Plan of immediate socio-economic measures in Turkmenistan to counteract the pandemic coronavirus”. Important areas of implementation of these documents include improving the quality and access to basic health services, ensuring social protection and basic social services, job protection, support for small and medium-sized businesses, macroeconomic incentives, and multilateral cooperation. In July 2020, to strengthen and ensure sustainable economic growth, a “National Program on mitigating the impact of difficult circumstances in the global economy on the national economy and sustainable development of the national economy in 2020-2021” was adopted, the implementation of which will ensure the achievement of pre-crisis growth performance.

The Minister noted that Turkmenistan has also developed measures of fiscal stimulation of economic sectors and social protection of the population, as well as measures aimed at maintaining stability in the financial sector. The Labour Code has been amended to ensure sustainability and the creation of new jobs, with new provisions to protect jobs amidst the global pandemic. To stimulate the development of industries and promote exports, in August 2020, Turkmenistan ratified six transport conventions of the UN Economic Commission for Europe. Mandatory certification of exports for 18 types of goods was abolished; the country joined the international convention on the simplification and harmonization of customs procedures. The development of instruments and mechanisms of mixed financing through public-private partnerships and the creation of favorable conditions for its development is becoming increasingly important.

Minister Muhammedgeldi informed that the Government of Turkmenistan has implemented measures to improve the legislation, as well as supporting the private sector. The achievement of the SDGs largely depends on the country’s effective integration into the international economic

space. Turkmenistan joined the World Trade Organization as an observer in 2020, which would allow the streamlining attraction of foreign capital. He concluded by noting that while fulfilling its international obligations on achieving the SDGs, Turkmenistan will continue strengthening activities that promote the effectiveness of national policies, and actively participate with the international community in implementing measures that contribute to financing sustainable development.

Statement by H.E. Mr. Peter Launsky-Tieffenthal, Deputy Minister of Foreign Affairs at the Austrian Federal Ministry for Europe and International Affairs

H.E. Mr. Peter Launsky-Tieffenthal reiterated that the whole world is fighting the COVID-19 Pandemic - a human crisis with unprecedented socio-economic consequences that risk reversing progress achieved so far. And everything needs to be done in order to enable a sustainable recovery from COVID-19 and “build forward better” in the spirit of “Leaving No One Behind”. As a long-standing partner of the LLDCs and a landlocked country itself, Austria understands and feels many of the challenges and the Government stands ready to share its experience. He underscored that it is for this reason that Austria hosted the Second UN conference on landlocked developing countries in Vienna in 2014, and that Austria co-chairs the Group of Friends of the LLDCs. It is also for the same reason that together with Bhutan they co-facilitated the Outcome Document of the Midterm Review of the VPoA, which was adopted in December 2019.

The Deputy Minister noted that based on the national experience as land-locked country, Austria is convinced that strong regional cooperation and integration, investment in critical infrastructure, trade and private sector investment as well as international support and ODA are effective means to address potential negative effects of lacking direct geographic access to oceans. On the path of the 2030 Agenda, a focused cooperation with the 32 LLDCs is more important than ever to turn landlockedness into landlinkedness. Austria welcomes the focus of the Roadmap for Accelerated Implementation of the VPoA, building on the findings of the Midterm Review. It remains fully committed to continue the partnership and common effort towards the goals set out in the VPoA and to ensure that achievements and progress are not undermined by the impacts of the Covid-19 Pandemic.

He highlighted that LLDCs face particular challenges and development disadvantages, that are compounded by the impact of COVID-19. Austria, in response to the pandemic has doubled its humanitarian budget and increased its bilateral development cooperation substantially. From the outset of the COVID-19 pandemic Austria followed a two-pronged approach in its international cooperation. On the one hand it supported the response to the immediate health challenge through targeted humanitarian assistance and changes in development cooperation programmes to strengthen the health systems of developing countries. At the same time, it became apparent that the socio-economic consequences of the pandemic and the measures taken to limit its impact could endanger developmental progress of decades. In order to quickly start tackling these challenges Austria finances “Nexus-Programmes” in several target regions of international cooperation. These programmes are designed to combine the humanitarian response to the crisis with development programmes such as training, job creation and sustainable agriculture. The Government has started such programmes in sub-Saharan Africa, the Western Balkans and the South Caucasus and are considering expanding the programme to other regions. Austria has also

supported the international response to COVID-19 through increased humanitarian assistance, strengthened development cooperation and substantial contributions to the global efforts to quickly develop tests and vaccines.

Deputy Minister Launsky-Tieffenthal stated that the efforts of strengthening a coordinated health response and distributing COVID-19 vaccines in an equitable manner are demonstrated through the “Team Europe”-Approach. “Team Europe” has shown solidarity with partner countries through actions, such as developing the EU Vaccine Sharing Mechanism. The “Team Europe” commitments for external response to COVID-19 amount to more than 40 billion EUR so far. Austria as a member of “Team Europe” actively engages in building back better or building forward better. Austria strives to enable the roll out of vaccines in all countries as soon as possible and strongly supports the international cooperation. The global initiative COVAX stands for an equitable distribution of COVID-19 vaccines. Austria supports the COVAX AMC (Advanced Market Commitment) initiative from the Austrian Development Agency. Currently, 22 out of 32 LLDCs worldwide have already benefited from the COVAX initiative. The vaccination distribution process must be accelerated in order to reach everyone soon. Austria also contributes to the UN COVID-19 Response and Recovery Fund. Moreover, Austria supported international research on vaccines with 31 Million Euros; 2 Million Euros thereof were a financial contribution to CEPI, the vaccine research pillar of COVAX. He insisted that the 17 Sustainable Development Goals under the grand principle of “Leaving No One Behind” should be used as a roadmap for a green and sustainable COVID-19 recovery and “building forward better”. He concluded by reiterating Austria’s full support for and solidarity with the LLDCs.

Statement by Mr. Liu Zhenmin, Under-Secretary-General, UNDESA

Mr. Liu indicated that LLDCs were not spared from the devastating effects of the COVID-19 pandemic. In 2020, the economic output of LLDCs fell by 2.4 percent. Large fiscal stimulus - and other measures taken by advanced economies - were not available to LLDCs, due to an already dire fiscal situation before the onset of the crisis. This resulted in more severe shocks. While developed economies directed 16 percent of GDP in fiscal responses to the crisis, LLDCs were only able to earmark an average of 3.8 percent of GDP to that end. For this reason, the 2030 Agenda was abruptly put on hold, and LLDCs lost some of their progress in achieving the SDGs.

He indicated that the advanced economies have started to see the end of the COVID-19 pandemic. They are also starting to see recovery signs from the negative impacts experienced during 2020. However, this outlook is not shared with most developing countries, especially LLDCs, where vaccination is not only a matter of timing, but also of availability. Many LLDCs are dependent on international aid and have not been able to procure sufficient vaccines to overcome the pandemic. It is crucial to find the adequate mechanisms through which these countries can have access. But the task does not end with the procurement of vaccines. LLDCs require support from the international community to develop effective National Deployment and Vaccination Plans. LLDCs were already facing structural issues of infrastructure and logistics. Thus, National Deployment and Vaccination Plans need to tackle the challenges of widespread distribution of the vaccines, in the general population. The challenges must serve as a wake-up call to recommit to solutions that can set the world back on track for a sustainable future. This is why countries are urged to maintain and, if possible, increase their Official Development Assistance and climate finance commitments. Reducing these resources risk creating another lost decade of sustainable

development.

The Under-Secretary-General emphasized that in order to sustain net positive financing flows in highly concessional terms, concessional financing, replenishment of the capital of Multilateral Development Banks, and the successful replenishment of IDA20 are needed. Likewise, the extension of the Debt Service Suspension Initiative - and similar bilateral and multilateral frameworks - are critical to maintaining liquidity. At this important juncture, LLDCs require special cooperation from their transit neighbors and South-South cooperation partners. The introduction of cross-border restrictions - aimed at combating the spread of COVID-19 by neighboring transit countries - affected the smooth flow of imported essential goods and services to LLDCs, which included medical and pharmaceutical products and food. This highlights the importance for LLDCs and their transit neighbors to enhance cross-border collaboration. Indeed, it is critical to ensure coordinated interventions between national border agencies. Moreover, the innovation of South-South cooperation should also be harnessed in support of LLDCs' development goals. This can build on positive experiences from the COVID-19 response.

Mr. Liu reassured that UN DESA can orient capacity-building efforts in line with country systems, and respond to the needs identified by LLDCs to realize structural transformation. Capacity support should be scaled up across all the technical areas outlined in the 2030 Agenda, the Addis Ababa Action Agenda, and the Vienna Program of Action. Such areas include data, statistics, and public financial management to support domestic resource mobilization. Furthermore, he noted that international cooperation can be the catalyzer to mobilize domestic resources. It is critical to work together with national governments in finding solutions tailored to the most pressing needs and that make the most efficient use of resources. Indeed, bilateral and multilateral partnerships can be the key to steering the joint efforts in the right direction. Boosting investments will remain critical for accelerating recovery and building resilience to future shocks.

Finally, he underscored that the private sector is a key ally. LLDCs must seize this opportunity to revise how they plan, maintain, and leverage public infrastructure investments. The new UN Handbook, on Managing Infrastructure Assets for Sustainable Development, helps LLDCs mobilize the human, financial and material resources to ensure infrastructure is inclusive, accessible, and resilient. The public sector can help businesses shift their incentives towards a business model that incorporates a long-term vision, by pricing externalities, reforming corporate governance, and reorienting capital markets toward investing in SDG priorities.

Statement by H.E. Mr. Magzhan Ilyassov, Permanent Representative of Kazakhstan to the United Nations, Chair of the Group LLDCs

Mr. Ilyassov expressed his gratitude to UN-OHRLLS and Government of Turkmenistan - the co-organizers of the important Event. Just a few days before the Event, he noted that the Chair of the Group attended the high-level meeting of Heads of State and government together with the key IFIs convened by the Secretary-General and Governments of Canada and Jamaica. The President of Kazakhstan, Mr. Tokayev, in his capacity of LLDC global Chair, had also an opportunity to voice the concerns of our vulnerable countries. Being already in the second year into the COVID-19 pandemic, it is acknowledged that countries in special situations like LLDCs are facing enhanced vulnerabilities due to the global crisis, since they struggle with a significant fall in

government revenue as well as foreign exchange earnings as a result of the COVID-19 crisis, making it difficult to meet their own development needs and external debt obligations. Even before the COVID-19 pandemic, fiscal space was limited by rising public debt levels and servicing costs in some LLDCs. External debt amounted to over 58.1% of GDP of LLDCs, compared with the average for low- and middle-income countries of 25.9%. One third of the LLDCs is still classified as in debt distress or at high risk of debt distress. The average total debt servicing is estimated at 28% of the export revenue of LLDCs in 2019, up from 18.4% in 2014. High debt servicing not only cripples the much-needed investment in SDGs in LLDCs, it also hinders immediate response to COVID-19.

He then articulated that more adequate financing is required to close the COVID-19-induced financing gap, increased debt burden and reduced financial liquidity. In this regard, he underscored five recommendations for the international partners. First, extension of debt moratorium for LLDCs, which are in debt, is critical. It is urgent to address multilateral debt, specifically for low-income countries and LLDCs. In this, exchanging or reprofiling debt for the most vulnerable highly indebted LLDCs can be considered. Second, private and commercial creditors should join debt cancellation and debt moratorium to avoid the public sector bailing out private creditors. This would encourage them to improve private sector participation in debt moratoria and provide alternatives for LLDCs. Third, meeting the ODA commitments and providing fresh concessional financing for developing countries, especially LLDCs, along with replenishing the capital of Multilateral Development Banks is needed.

Fourth, there is need to successfully curb the pandemic. In this regard, supporting the equitable distribution of COVID-19 vaccines through innovative finance, including blended finance, can be useful complements to traditional aid. Bilateral and regional financial resources could be pooled into a blended finance funding. Last but not least, throughout the year of 2020 the COVID-19 response included a wide range of South-South cooperation activities. Regional mechanisms were activated, including by the Association of Southeast Asian Nations (ASEAN), South Asian Association for Regional Cooperation (SAARC) and African Union (AU). LLDCs are also in a position to reassess the opportunities for mobilization of domestic resources to help in this process. The International Financial Institutions' expertise and technical assistance in this respect is vital.

Mr. Ilyassov underlined that convening the Event on the first day of the FfD Forum has its own value addition in mobilizing international attention and resources to support the development efforts of our nations, including in achieving the goals of the VPoA as well as the special Roadmap on its accelerated implementation. Thus, adequate mobilization of financial resources from ODA, private sources as well as South-South-led regional partners will directly impact the path towards the full implementation of the projects highlighted in the Roadmap. To conclude, the LLDC Group calls on International Financial Institutions, UN system and development partners to prioritize the special needs of LLDCs in their recovery efforts.

Statement by Mr. Robert Powell, Special Representative to the United Nations, IMF

Mr. Powell focused his comments on economic policies and financing. He noted that the outlook for the global economy is becoming brighter because millions of people are benefitting from vaccinations. Yet the crisis continues to cast a shadow over most of the 32 Land Locked Developing Countries. Economic fortunes are diverging dangerously. A small number of advanced and emerging market economies are powering ahead. While many weaker and poorer countries

are falling behind in this multi-speed recovery. So, there is the risk of further economic scarring from job losses, learning losses, bankruptcies, and extreme poverty. At the IMF it is believed that policymakers must take actions by giving everyone what Kristalina Georgieva likes to call “a fair shot” - not just into people’s arms, but also in people's lives, and in vulnerable economies.

In this context, he highlighted three priorities. First, a fair shot at the vaccine, which means ramping up vaccine production and distribution and avoiding export controls, and wealthier countries fully funding the COVAX facility and ensuring that surplus vaccines are transferred to poorer countries. In 2021 and 2022, vaccine policy is economic policy. Second, all countries need to receive a fair shot at recovery. It is important to support vulnerable households and viable firms for as long as the crisis continues. This requires targeted fiscal measures and maintaining favorable financial conditions. Once the health crisis is over, governments should gradually scale back support programs and scale up targeted hiring subsidies and retraining. This is particularly important for low-skilled workers, youth, and women, who have been severely impacted by the crisis. Viable small businesses also need more help through equity injections and better restructuring procedures, and once the recovery is firmly underway, governments need to ground financial policy in credible medium-term frameworks. Third, a fair shot at the future. The focus here should be on scaling up public investment in green projects and digital infrastructure, and in people's health and education, to ensure that everyone can benefit from the historic transformation to greener, smarter, more inclusive economies. To unlock this potential, countries will need sufficient public revenues, and they will also need to ensure that spending is efficient. In many cases, this will mean more progressive taxation and an agreement on questions like minimum taxation for companies and international tax rights.

Mr. Powell cited that a research from IMF shows that low-income countries have to deploy some \$450 billion over the next five years. As part of this comprehensive effort, many LLDCs will need more domestic revenue mobilization - and the IMF can provide capacity development on this - but also more external concessional financing and grants, and more help to deal with high levels of debt. The further extension of the Debt Service Suspension Initiative just announced by the G-20 and the new Common Framework for orderly debt restructuring will help. The IMF will do its part, and it continues to step up financial support to its members in an unprecedented way, as it has supported 86 countries with over \$110 billion using a variety of instruments. Among the 32 LLDCs, 23 countries have received emergency or program financing of \$5.5bn in response to the pandemic, and 12 of the poorest LLDCs have received debt relief on their obligations to the IMF. Major recipients include Afghanistan, Uganda, Ethiopia, Uzbekistan, Kyrgyzstan, Bolivia and Paraguay. As discussed at the Spring Meetings the week before, IMF will be proposing a new SDR allocation of \$650 billion. The LLDC group would receive about \$11.4bn. This will help address the long-term global need for reserve assets and provide a substantial liquidity boost to members, especially the most vulnerable. What this crisis has shown is just how important it is to work together. To build on this sense of common responsibility to foster a fair recovery and a resilient post-pandemic world is key.

Interactive Discussion

H.E. Mr. Julio Cesar Arriola, Permanent Representative of Paraguay to the United Nations, took the floor and noted that with the COVID-19 pandemic far from over and entering its second year, it is indeed timely to discuss means of implementation to, above all, ending it and to recover

better and stronger afterwards. The pandemic has revealed and exacerbated pre-existing structural weaknesses, becoming a serious obstacle to progress towards meeting the Sustainable Development Goals by 2030. Paraguay, like all the countries represented, made unprecedented efforts to minimize the effects of the pandemic. Although these efforts have yielded a relatively successful result in managing the health crisis, they have undoubtedly come at a high cost for our economies. In this context, it is more important than ever to rally around the commitments contained in the Addis Ababa Action Agenda as a path to access adequate financing to continue investing in sustainable development, which is the best and only way for post-pandemic recovery.

Ambassador Arriola pointed out that it is well known that COVID-19 will not end unless it is under control worldwide. Implying that vaccines should be rolled out as much as possible and as quickly as possible. One aspect that must go hand in hand with financing is access to vaccines, which is the ultimate tool to overcome the pandemic, and will play a fundamental role in the velocity and strength of our recovery. The most logical and moral response to achieve this goal must come from multilateralism. The discussions during the Event will be key to address this crisis from the LLDCs perspective, and to reaffirm LLDCs in the principle that “no one is safe until we are all safe”. And this principle applies to both vaccines and to development finance.

H.E. Mr. Amrit Bahadur Rai, Permanent Representative of Nepal to the United Nations, indicated that Nepal has mainstreamed SDGs into national development plans and policies. The “need assessment, costing and financing strategy” has outlined a formidable financing requirement of USD 19 Billion in investments annually. The COVID-19 pandemic has further strained the resources and increased the financing needs. Containing the virus remains an immediate priority, and the Government has now begun the vaccination drive. Moreover, a resilient recovery from this multifaceted crisis will underpin development efforts in the years to come.

He pointed out that sustainable domestic resource mobilization is at focus in Nepal, but it will not be sufficient to bridge the financing gap. International cooperation in terms of FDI, ODA and other forms of partnership are critically required. There is an urgent need for scaling up foreign investment, trade, private capital inflows as well to ensure a robust recovery of the economy. Halted economic activities, narrow tax base and limited revenue sources make utilization of the domestic public resources difficult. In the context of Nepal, investment in infrastructure is critical to spur further economic activities. Financing to enhance productive capacity can unleash multiplier effects. Also dedicated climate financing window for LLDCs is needed to address the vulnerabilities of our countries. Due to their geographical constraints and remoteness, LLDCs already face higher cost for development. Accelerating and scaling up all means of financing, and addressing debt vulnerabilities will thus be critical to implement the VPoA as well as to ensure a sustainable recovery.

H.E. Mr. Clement Namangale, Deputy Permanent Representative of Malawi to the United Nations, noted that various reports indicate that groups of countries in special situations including the LLDCs, LDCs as well as the SIDs continue to face a lot of challenges which impede them from attaining their sustainable development goals. Poverty, climate change, food insecurity, high unemployment rates and debts are some of such challenges. The 2020 Secretary General’s progress report on the implementation of the VPoA for LLDCs for the Decade 2014–2024 points out that the progress made in the implementation of the VPoA still falls short of achieving the targets set.

The report highlights many challenges faced by the LLDCs. In terms of food security, 50 countries around the world that are experiencing food crisis 16 of them are from landlocked developing countries. Debt servicing is also one of challenges faced by the LLDCs. The report states that debt servicing as a percentage of exports of goods and services rose from 19.1 in 2014 to 27.8 in 2018. The report further points to the fact that the emergence and spread of the coronavirus disease (COVID-19) is having an unprecedented impact on the development prospects of LLDCs and the implementation of the priority areas of the VPoA as well as on LLDCs ability to achieve the goals of the 2030 Agenda for sustainable Development. Looking at all these challenges, he concluded that there is need for increased and expedited resources support.

The Deputy Permanent Representative stressed that the Financing for Development Forum is a crucial platform to discuss challenges of the LLDCs and look for possible solutions to address them. It is pleasing to note that the Outcome Document of the 2021 FfD which is to be adopted at the end of the forum, has called for attention to the challenges faced by developing countries, particularly groups of countries in special situations. This approach will ensure that the “Leave no one behind” principle of the 2030 Agenda is put into practice. In this regard, Malawi would like to join the call on the international financial institutions, the UN system and all development partners to prioritize the needs of the LLDCs to help them recover better from the COVID-19 pandemic. Malawi also fully supports the five recommendations highlighted by the Chair in his remarks, which will help the LLDCs to achieve the objectives of the VPoA as well as the 2030 Agenda if implemented.

Final Observations from Panelists

H.E. Mr. Magzhan Ilyassov, Permanent Representative of Kazakhstan to the United Nations, Chair of the Group LLDCs stated that the most important takeaway from the Event is to have a follow-up, since he did not see a lack of ideas and recommendations of professional approach. The Mission as Chair of the LLDCs is to follow up on everything that was discussed. If certain part trickles down to real action, it will make big difference. Therefore, as Chair, Kazakhstan will continue organizing similar events, as well as call as usual on all the colleagues from LLDCs Missions to share the information received during the Event to the national capitals. The mission is to facilitate brainstorming and getting feedback, while national capitals, ministries and agencies should be more proactive reaching out to different agencies and international financial institutions. It is almost half of the year for the chairmanship of Kazakhstan to be complete in 2021, the Country will work with the Group and with the next Chair on keeping the process alive, because the COVID-19 challenges and everything above-mentioned will not end within their chairmanship, but unfortunately will last for years. LLDCs need to streamline the work, countries need to continue doing what has been done nowadays.

Mr. Robert Powell, Special Representative to the United Nations, IMF concluded by sharing 3 reflections on the discussion. First, the importance of vaccination should be realized, since “no one is safe until we are all safe”. Second, mobilization of domestic revenue to finance the SDGs is critical, however tax does not seem to be enough. Some emerging markets and middle-income countries get a long way to achieve SDGs with domestic revenue mobilization. As a result, it is important to set up the investment environment right so that private sector funding can come in including FDIs, but also concessional resources from MDBs and ODA. Achieving SDGs is not binary - will or will not - some countries can do it, while others get harder and harder to see how

they can do it without significant increase of ODA or other resources. Finally, it is worthy pointing out that the common framework, which is a case-by-case approach, is critical to be implemented to bring in the private sector. All countries are different when it comes to the structure since transparency is very important. 3 LLDCs such as Zambia, Chad and Ethiopia are going through the common framework, so it is important to make it work. Lessons can be learned from it, because it is challenging to get private sector, which is different from traditional approach that major donors or major creditors can realize it.

Closing Session

Ms. Fekitamoeloa Katoa ‘Utoikamanu, Under-Secretary-General and High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States highlighted some of the key points that have been raised in the Event: the devastating socio-economic impact of COVID-19 pandemic on LLDCs and the challenges that they are facing; the requirement from LLDCs for concerted support to achieve sustainable recovery from the pandemic; the call for equitable access of LLDCs to COVID-19 vaccines and the need to support them in procuring and distributing the vaccines; the requirement of support from LLDCs in addressing the challenges associated with multilateral and commercial debt; the important role of ODA in supporting sustainable recovery in LLDCs and the need to enhance ODA flows to LLDCs was underscored; The role of the IMF, Multilateral Development Banks and other financial institutions in the recovery efforts; the important role of South-South cooperation in recovery process and the need to strengthen it; and valuable national and regional experiences. The meeting also underscored the crucial role of the United Nations system and other international and regional organizations in supporting the recovery efforts of LLDCs as well as achieving sustainable development. She concluded by thanking all participants for these valuable messages and recommendations and for the commitment and support to the group of landlocked developing countries. She appealed to everyone to work together to fulfill the promise of leaving no one behind in LLDCs.

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