



ALLIANCE OF SMALL ISLAND STATES

Meeting of Heads of State and Government on the International Debt Architecture and Liquidity

Address by Hon Gaston Browne, Prime Minister of Antigua and Barbuda &
Chair of AOSIS

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Heads of States and Governments,
Secretary General,
Excellencies,

I congratulate Prime Ministers Trudeau and Holness and Secretary-General Guterres on the initiative to convene this meeting on the International Debt Architecture and Liquidity.

Financing for Development in the Era of COVID-19 and beyond, is the most urgent preoccupation that small states now confront.

I remind that, in February, Secretary-General Guterres highlighted to the UN General Assembly that the territories of small island developing States (SIDS), could disappear within our lifetimes, due to rising sea levels which is unacceptable while the problem is within our power to fix.

Yet, disappointingly, the international community has failed to implement specific SIDS recommendations that would address the ongoing crisis.

It is a crisis, which, if anything, now looms larger, particularly in a COVID dominated world whose consequences have reversed the hard-earned gains of most of the world's economies, but particularly the small and vulnerable.

SIDS are facing an unprecedented triple-faceted challenge: coping with extraordinary public health demands from the pandemic; managing the social and development impacts of its economic devastation; and preparing for the enlarging effects of Climate Change.

COVID-19 has highlighted the urgent need for international cooperation to tackle the pandemic in a spirit of global solidarity and shared responsibility.

Vaccines should be regarded as a common global good, and they should be allocated fairly and equitably with priority access for the vulnerable.



Yet, more than 5 billion vaccines have been bought by rich countries - in some cases more than twice their needs - while small island states, within their neighborhood, have received minuscule amounts.

The Caribbean SIDS are potentially a few months away from their next catastrophic hurricane and now run the risk of the possible calamitous spread of COVID among unvaccinated individuals clustering in shelters.

Hanging above all their heads like the proverbial sword of Damocles are two eminent dangers –unsustainable debt and Climate Change.

Right now, many SIDS confront the danger of collapsing from a massive economic sclerosis, arising from the deep economic wounds created by COVID, to include the attendant debt crisis.

Severe loss of revenues; exceptional demands for spending to contain the coronavirus and to treat its victims; high unemployment resulting from economic contraction, and rapid increase in levels of poverty and abject poverty – all these have rendered debt servicing impossible.

The economies of many SIDS are scraping-by.

They will not be able to do so much longer.

Relief and recovery must come soon to avert economic paralysis.

Any disaster, resulting from Climate Change – however small – poses the real danger of setting back SIDS for a generation or more.

The UN has already said, that in the Caribbean, we have lost a decade of growth from the impact of COVID-19 and our economies have been pushed back to 2010 levels.

If these conditions are not addressed soon, we face a crumbling of our security systems from which drug traffickers, money launderers, people traffickers, and organized crime will take advantage to the detriment of our countries and our neighbours.

Inevitably, there will also be a surge of refugees.

The equitable distribution of vaccines would curb the spread of the pandemic, and would enable a faster, fairer and more equitable social and economic recovery, enabling SIDS to perform better in trying to realize the Sustainable Development Goals.

In these practical, realistic, and dire circumstances, I again make a few policy propositions which the International Community should consider making a priority.

There should be a substantial new allocation of the International Monetary Fund's Special Drawing Rights, accompanied by a significant increase in multilateral and regional development bank financing, aided by an increase in those banks' capital.



This is not the time for countries to be forced to trade their people's lives and future for international debt repayments, which have enlarged for reasons largely out of their control.

Therefore, the G20 should consider providing debt relief to emerging market and developing countries with unsustainable debt burdens, so that they can secure fiscal space to combat the virus, protect the vulnerable, and secure a green and inclusive recovery.

When G7 leaders meet in June, they should consider agreeing to extend the World Bank's Debt Service Suspension Initiative (DSSI) beyond 2021 and to expand its beneficiaries to include SIDS, many of which are now no longer high- or middle-income countries because of the economic impact of COVID-19.

The Paris Club and IFI's, as well as donor governments, should consider a waiver of this year's debt repayment for SIDS as a short-term measure, and the implementation of debt forgiveness as part of a long-term solution. Also, IDA funding terms should be expanded to include vulnerable SIDS, whose economies were decimated by COVID and are now faced with unsustainably high debt service ratios and debt overhang.

If nothing else, the brutal effects of COVID-19 on the economies of SIDS, emphasizes the importance of using vulnerability as a criterion for eligibility for concessional financing and not per capita income which has precluded vulnerable SIDS from accessing critical concessional loans and grants.

The implementation of a multi-dimensional vulnerability index is an imperative and should no longer be delayed.

The rubble of World War II, resulted in a financial bailout of countries whose economies were decimated. SIDS whose economies were decimated by COVID deserve a similar rescue plan. Therefore, given the practicality of innovative financing instruments such as debt swaps, hurricane clauses, risk assessment modeling, green and blue bonds, as well as, sustainable infrastructure investment and resilience funds; it is important that these tools be further explored and developed as financing and recovery options for SIDS.

Excellencies,

I have not exaggerated the situation in which SIDS now find themselves through no fault of their own.

They did not create this, or any other pandemic.

Yet, they are among its biggest victims.

They are the least contributors to the green house gases that cause Climate Change.

Yet, they are its greatest casualties.

We too are inhabitants of this one planet.



We too have contributed to humanity's growth and development.

We too deserve equitable treatment now and in the future.

Excellencies

We have offered ideas to re-design the international debt architecture and to build a bridge to recovery that works to benefit the world.

We urge that they be given serious and favorable consideration.

Thank You.

