



REPUBLIC OF MALAWI

**DRAFT STATEMENT BY
HIS EXCELLENCY DR. LAZARUS MCCARTHY CHAKWERA,
PRESIDENT OF THE REPUBLIC OF MALAWI
CHAIR OF THE LDCS GROUP**

**AT THE FINANCING FOR DEVELOPMENT IN THE ERA OF
COVID-19 AND BEYOND:
HIGH LEVEL VIRTUAL MEETING OF HEADS OF STATE AND
GOVERNMENT ON THE INTERNATIONAL
DEBT ARCHITECTURE AND LIQUIDITY
ON
29TH MARCH, 2021**

**Ministry of Foreign Affairs
Lilongwe 3.
March, 2021.**

***Right Honourable Justin Trudeau, Prime Minister of Canada;
Right Honourable Andrew Holness, the Prime Minister of
Jamaica;
Mr António Guterres, UN Secretary General;
Excellencies; and
Ladies and Gentlemen:***

I am honoured to deliver this Statement on behalf of the Least Developed Countries (LDCs). We commend Canada and Jamaica for their diligent efforts in sustaining the discourse on financing forward in the era of COVID-19. The theme of today's meeting is timely and demands urgent attention.

LDCs were heavily indebted prior to the outbreak of the pandemic: with USD 385 billion in debt stocks in 2019, and 13% of our export earnings spent on debt service. A higher share of debts owed to the private and non-traditional bilateral creditors exerts excessive pressure on our economies.

COVID-19 has exacerbated the situation amid depressed revenues and skyrocketing public health and emerging development needs. The group of 46 LDCs is hardly managing with \$20.00 per capita as

stimulus spending against nearly \$10,000.00 in the developed countries. We are simply in a “development emergency”.

We appreciate the emergency support offered by our development partners through Debt Service Suspension Initiative (DSSI) and Catastrophe Containment and Relief Trust (CCRT).

Despite existing debt relief initiatives, twenty LDCs were either in or at a high risk of debt distress as of January, 2021. Six countries have defaulted on debt repayments and more than thirty-five countries risk to follow suit. We appeal for urgency in launching a comprehensive debt relief initiative for LDCs in a systematic manner in order to meaningfully reduce their current debt stock and rebuild their resilience against external shocks.

We, therefore, submit the following five recommendations:

First: All multilateral and bilateral creditors, including commercial creditors, should grant full debt cancellation for LDCs with immediate effect to free up liquidity and invest more in their health systems and economic recovery. The threats of a rating downgrade should be addressed in availing debt relief measures and pursuing requisite fiscal expenditure;

Second: Access to vaccines is an urgent priority of our nations. We reiterate the call for free and affordable access to vaccines for LDCs

with adequate and predictable funding for the COVAX Facility. We commend the role of the WHO in this respect;

Third: Development partners must fulfill their ODA commitment to LDCs at the upper bound of 0.2 percent of their GNI. Unfortunately, some countries are already backtracking on LDCs access to grants and concessional financing for escalating development needs, while not falling into debt overhang. The issuance of special SDR allocations is inevitable but the developed countries should consider lending their unused SDRs to vulnerable countries that are desperate for liquidity;

Fourth: The debt sustainability framework for LDCs should systematically consider their structural constraints and longer-term investment requirements for the implementation of the SDGs;

Fifth: We recognize the urgent need to revitalize the current international sovereign debt architecture and debt relief initiatives. We are, therefore, calling for a systematic, in-depth and action-oriented analysis and review of LDCs' debt burden and the necessary policy response. We request the Secretary-General to constitute a High-level Panel of Experts, with adequate representation from LDCs, on the debt crises of LDCs with a view to undertaking the following tasks:

- An in-depth review of LDCs' external debt and their SDG financing needs;
- Analyze the effects of pandemic on LDCs' debt servicing capacity;
- Recommend policy options at national and international levels to urgently and effectively address the burgeoning external debt problem of LDCs; and
- Submit its report to the Secretary-General for consideration by the General Assembly at its 76th session.

The LDCs remain committed to the SDGs and look forward to your active participation in the ongoing Fifth UN Conference for LDCs (LDC 5) processes. Ultimately, we look forward to seeing you all in Doha, Qatar in January 2022.

I thank you all for your attention.