Statement
by
Ms. Fekitamoeloa Katoa ‘Utoikamanu
High Representative
and
Under-Secretary-General
Least Developed Countries, Landlocked Developing Countries
and Small Island Developing States

LDC Ministerial Breakfast

on

Strengthening resilience to debt vulnerability in the Least Developed Countries (LDCs)

World Bank Headquarters, Room MC 13-301, Washington, D.C.
Saturday, 13 April 2019, 8:30-10:00 AM
Mr. Achim Steiner our UNDP Administrator and dear colleague

Mr. Mahmoud Mohieldin (Senior Vice President for the 2030 Development Agenda, United Nations Relations, and Partnerships, World Bank)

Mr. Jean-Claude Tchatchouang (Executive Director, Office of the Executive Director (EDS13), World Bank)

Mr. Akihiko Nishio (World Bank Vice President of Development Finance (DFI))

Ms. Ceyla Pazarbasioglu (World Bank Vice President for Equitable Growth, Finance and Institutions (EFI))

Excellencies,
Ladies and Gentlemen,
colleagues, friends and above all partners!

It is good to see you all here, together as partners at this timely and important ministerial meeting bringing the LDCs together with their development partners.

I must thank Mr Mohieldin, Mr. Tchatchouang and all other Executive Directors for you close work with my Office to ensure that this event adds value and is of success to the LDCs.

Five years ago, this series of annual LDC Ministerial Breakfasts was initiated.

Already then a key concern was to leave no one behind. Discussions and especially actions stemming from our get-togethers are critical to us meeting this extraordinary promise to all people.

This year’s topic, ‘strengthening resilience to debt vulnerability in LDCs’, is a critical topic but also one where we must further strengthen the linking of processes taking place at the United Nations with those at the Bretton-Woods Institutions.

It is only together that we have a chance to keep our promise of leaving no one behind!

Excellencies,
Ladies and gentlemen,

The topic of debt is once again high on the global agenda.

Analysis shows that LDCs experience the largest financing gaps for meeting the SDGs.
Several LDCs face unsustainable debt service obligations eroding quickly their fiscal space. Add to that the complex development situations of countries be it from the perspective of impact of climate change or that of geographic complexities making it costly to investing in basic infrastructure!

These rising debt levels actually contain complex compositions of debt.

Many LDCs have taken out collateralized loans and taken advantage of non-traditional creditors. Yes, these new sources have unlocked necessary new financing avenues. But this has also created new risks and challenges.

This is the picture.

18 LDCs are currently either at high risk of debt distress or already in debt distress!

As I said before, LDCs all share extreme vulnerability to the impact of climate change. These unsustainable debt levels preclude necessary investment in preventive and coping infrastructures to build capacity in the critical areas of disaster and shock mitigation and management.

Take the most recent tropical cyclone - Idai.

Where are the most devastating damages? They are in Mozambique, Malawi and Zimbabwe, all of which belong to the LDC or LLDC group.

So, it again is the poorest and most vulnerable bearing the truly life devastating impacts of climate change.

We as a global community said we would leave no one behind. Yes, a very ambitious promise - a promise we must meet to remain credible!

If we are to achieve this, we must with urgency ensure that LDCs, who are left furthest behind, can also meet their significant sustainable development needs. And this has to include that we do not further exacerbate their debt challenges.

Allow me to make two suggestions:

First,

I reiterate the call made by the General Assembly in a resolution adopted on 20 December 2018 that the debt sustainability framework for the LDCs should systematically take into account their structural constraints and longer-term investment requirements for the implementation of the SDGs.

Now, innovative mechanisms to address debt challenges could include state-contingent debt instruments, debt for SDG or climate investment swaps. Some of these instruments have been
proposed and piloted for Small Island Developing States and I do not think anything stands in our way to also explore them for LDCs.

Second, these actions should be complemented by provision of ODA and innovative, sustainable forms of concessional finance and debt-management including of technical assistance. This would support the ability of LDCs to retain and best enlarge fiscal space to meet their development needs.

I now look forward to our without doubt very interesting exchanges and discussions.

These will feed inter alia into the next LDC conference.

Thank you.