

Statement of the least developed countries on COVID-19

(Full version)

Burgeoning challenges and a global stimulus package for LDCs

28 April 2020

I. Introduction

The COVID-19 outbreak has emerged as an apocalyptic pandemic. This deadly pathogen is spreading at a rapid rate reaching out to the farthest corner of the world. Today's crisis is unfolding against a backdrop of already-strained global trade, stagnating foreign aid budgets, plummeting commodity prices, protracted conflicts, and severely constrained fiscal space in the least developed countries (LDCs). At the same time LDCs are still severely affected by external shocks, like extreme weather events, as well as conflict.

The virus is attacking country after country at an unfathomable speed and magnitude. It has brought our world to a standstill with unparalleled and unforeseen impact in our lives, our economies, our societies and our livelihoods. Any assessment of the impact of this crisis on the economy and our society is quickly surpassed by the fast-changing reality. The global economy is quickly descending into an unprecedented recession and the World Trade Organization has warned that the pandemic might cause dramatic supply and demand shocks. The global economy could shrink by almost one percent this year—0.9 percent—due to the COVID-19 pandemic, and world output could contract further if imposed restrictions on economic activities extend to the third quarter of the year and if fiscal responses fail to support income and consumer spending (UN-DESA).

Thousands of lives are already lost and the world economy is being shattered the magnitude of which is unforeseen by our generation. Production is severely disrupted, trade is waning, migration and remittances are falling, capital markets are collapsing, and investment is going to see a record fall. Large groups of people with informal jobs are projected to fall back into poverty in our countries. Women and girls will be among the hardest hit and more than 500 million additional people could be pushed into poverty unless urgent action is taken to bail out poor countries affected by the economic fallout from the COVID-19 pandemic (Oxfam 2020).

The COVID-19 has started unfolding in LDCs at an alarming rate with many of them already experiencing community transmission. As of now, nearly 300 death and 9000 known positive cases (OHRLLS, 19 April 2020) are recorded in LDCs. This number might be grossly undercounted as most of the LDCs do not have sufficient testing kits and other medical equipment including Personal Protective Equipment such as respirator masks (N95), technical know-how and necessary laboratory facilities to conduct testing in their countries.

The high prevalence of malaria, HIV/AIDS, tuberculosis and malnutrition may make the disease even harder to cope with in LDCs, especially as the pandemic is likely to coincide with peak period of the malaria season in 2020.

Experts have warned that the rapidly increasing demand for health services due to COVID-19 may leave health systems in most countries overwhelmed. This is particularly disastrous in least developed countries, where public health systems are weak and up to 75% of people lack access to soap and water (UNDP 2020). Furthermore, most LDCs have virtually non-existent or weak facilities to provide intensive care and have very few ventilators available.

LDCs have adopted various preventive measures, which include, declaration of the state of emergency, lock-down, quarantine for travelers, shut down of the land borders and passenger air transports, social distancing, nationwide curfew, closure of businesses, offices, schools and universities.

However, social distancing and lockdown measures are more difficult to apply in countries where the vast majority of the population depends on a daily income to survive and most often lives in densely populated slums and urban settlements.

The least developed countries with their already narrow and weak economic structure are likely to suffer severe consequences of the projected global economic slowdown 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. Loss of market predictability and investor confidence will also affect the flow of FDI as well as investment from domestic sources.

These will have consequential spillover effects on the money and capital markets in the forms of growing non-performing loans, tumbling stock prices, increased capital outflows and widening bond spreads. There are also signs of weakening national currencies.

Furthermore, most of the LDCs are dramatically increasing spending to combat the pandemic despite their limited fiscal space and rapid reduction in government revenue. With a median tax-to-GDP ratio in LDCs of 15.5 in 2017, LDCs were hardly able to provide adequate services to their populations before the pandemic. Many LDCs are increasing social spending to reduce the devastating impact on their large poor populations. This is putting a heavy pressure on public finance, causing balance of payment deficits and raising the likelihood of sovereign debt defaults, further devastating their resilience.

LDCs need stronger domestic measures and significantly scaled up international support in addressing the unparalleled social and economic impact of COVID-19. They immediately need urgent fiscal and monetary measures that help protect jobs, sustain the self-employed and support companies' liquidity and operations and accelerate recovery in the future.

II. Serious shortage of medical equipment and limited scope to expand

In LDCs, health care resources are already strained in the best of times and essential defensive measures against infectious diseases are almost absent. They have very limited hygiene and health facilities which is allowing the virus to spread at accelerated rates. LDCs have on average 0.6 nurses and midwives, 0.3 physicians and 1.1 hospital beds per 1,000 population and public expenditure on health care is less than 2 per cent of their GDP on average. Their already

stretched health systems are proving incapable of tracing, isolation, and quarantine. Experts warn coronavirus would devastate the countries that lack healthcare equipment and infrastructure.

In the absence of vaccination or therapeutic medicine, ventilators have emerged as a defining intervention of critical care medicine for COVID-19 treatment. Many LDCs do not have any testing kit for the diagnosis or ventilators for treatment. South Sudan, for example, has just four ventilators and 24 ICU beds for a population of 12 million people, while Burkina Faso has 11 ventilators, Sierra Leone 13, and Central African Republic 3 (CNN). Even when LDCs have some ventilators, they do not have technologically advanced ICUs needed to use ventilators and other supplementary equipments to treat covid-19 patients. This is linked to often very low rates of access to electricity that would be needed to operate advanced healthcare facilities. Furthermore, shortage of necessary expertise and technical know-how is another perennial challenge that LDCs have been facing.

As a result of border and airport closures, as well as travel ban, international trade and supply chains are seriously disrupted. This is having a severe impact on the seamless supply of the essential medical equipments related to COVID-19 testing kits, personal protective equipment (PPE) and ventilations. The supply of these essentials is seriously insufficient, compared to their skyrocketing needs. Only a limited number of countries have the capacity to manufacture and export those equipments at a larger scale.

While developed countries with the prevalence of COVID-19 are managing to procure the essential equipments and kits through special arrangements by quickly retrofitting domestic manufacturing industries and making special arrangements for importing these materials from abroad, LDCs are not able to pursue either of them due to their lack of capacity and resources. High demand and export restrictions on certain items are causing significant increase in the price of medical equipments which are likely to shoot up further.

LDCs are therefore in the midst of an imminent threat to be disproportionately affected by the COVID-19 pandemic in terms of loss of human lives and the destruction of their economy which will ultimately lead to economic retrogression.

III. A Call for “Emergency Public Health Package for LDCs”

As the situation is rapidly unfolding in LDCs with their nearly absent medical infrastructure, equipment and technical know-how, the global community must assist LDCs expand their health facilities, including providing equipment like PPE, sanitization and other protective measures for frontline workers, and provide sufficient number of ventilators, and other supplementary equipments. LDCs also need an uninterrupted supply of essential medicines and equitable and affordable access to vaccines and medication. LDCs also require medical professionals from abroad to train their doctors and nurses for treatment and care.

While LDCs are doing their best to address this overwhelming public health emergency, we call upon our development partners UN system organizations and the MDBs to launch an “emergency public health package for LDCs” with following specific measures:

- Provide financial support to procure personal protective equipment (PPE) in terms of masks, gloves, gowns and shoe covers, and testing kits to the tune of at least 100 million sets including through support for increased production in LDCs, where possible, and import from the development partners.
- Immediately provide 100,000 ventilators (@ 1 ventilator/10,000 people) and supplementary equipment to furnish equal number of ICUs in LDCs (to be distributed based on population size and country's propensity to the spread)
- All tariffs and non-tariff restrictions on the import of medical equipments and agricultural products by LDCs should be lifted immediately by the partner countries.
- Ensure adequate, affordable and rapid supply of vaccines/immunization and antiviral drugs related to COVID-19, when they are developed.
- 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.
- Immediately send, upon request, 10 to 50 medical doctors and nurses to each LDC with expertise and experiences in treating COVID-19 patients for a period of at least 6 months to support the treatment of existing patients and to train the doctors and nurses in LDCs.
- Immediately open virtual "Tele-health and Telemedicine Vendors", coordinated by WHO, with virologist working in developed and advanced developing countries to provide 24-hour treatment and care services for patients and doctors treating COVID-19 patients in LDCs.
- Provide urgent assistance to LDCs improve energy access in health care facilities through decentralized energy solutions needed to operate the centers and refrigerate vaccines and medications.

IV. Support for social protection systems

Due to economic shutdown in many LDCs, unemployment is rising at a massive scale. Many of the low-income workers in the informal sector in LDCs do not have any savings to meet their daily essential needs for food, nutrition and health services. Before the pandemic, LDCs already had around 350 million living in extreme poverty and around 240 million malnourished. These numbers have significantly increased due to large scale COVID-19 related layoffs and close down of businesses, industries and enterprises. Millions in LDCs are now facing challenges of meeting their daily calorie needs. Serious disruptions in access to food and nutrition are likely to occur, which will result in serious food insecurity, thereby reversing the achievements in SDG-1 and 2.

LDCs, with their tighter fiscal space and rapidly falling fiscal revenue, are seriously constrained to provide necessary social protection. Comprehensive, universal social protection systems are needed now more than ever for protecting workers and enhancing people's capacity to manage and overcome shocks. It is vitally important to continue meeting the basic needs of the most vulnerable, including the delivery of essential food and nutrition assistance to food insecure and malnourished groups in LDCs.

- Governments should establish or strengthen social-protection mechanisms to protect the most vulnerable populations. With a view to providing direct support in the form of cash

or food to at least 350 million living in poverty in LDCs for a period of 12 months (@\$1.25/day), we are urging our development partners to provide an immediate allocation of \$5.2 billion emergency assistance as fresh fund for our countries as a direct budgetary support to our Governments. This fund should be additional to the existing ODA support to LDCs to ensure that the ongoing priorities, sectors and projects funded by ODA are not jeopardized or undermined. This is important to safeguard ongoing progress in the implementation of the 2030 Agenda in LDCs, which were already lagging behind before the pandemic struck.

V. Food and nutrition security

According to Global Report on Food Security 2020, even before the pandemic, almost 135 million people in 55 countries or territories were classified in crisis conditions or worse (IPC/CH Phase 3 or above). Among them, 91.44 million live in 32 LDCs. Out of the 10 worst food crises in 2019 by number of people in crisis or worse (IPC/CH Phase 3 or above), seven are LDCs. The GRFS suggests that the acutely food-insecure in need of urgent humanitarian food and nutrition assistance are the most vulnerable to the consequences of COVID-19 as they have very limited or no capacity to cope with either the health or socioeconomic aspects of the shock. Furthermore, there are already signs of food price surges, export bans by some food exporting countries or revenue loss due to economic contraction. Trade in commodities constitutes a major share of LDCs' trade. LDCs devote 22% of their merchandise export revenue to food imports. Collectively these factors will have grave consequences on food security in LDCs.

We urge the following measures to ensure food safety and security in LDCs:

- Trade channels should be kept open so that international markets can play an instrumental role in avoiding food shortages and mitigating the inevitable global economic downturn. In addition, food exporting countries should ensure that smooth trans-border movement of food commodities is not hampered by border closures as a way of controlling the spread of COVID-19.
- Major food exporting countries need to respect their commitments under the rules of the World Trade Organization to ensure the free flow of food products and refrain from imposing export bans and other export trade distorting measures that can hamper the availability of food imports in vulnerable food-importing countries.
- Government of LDCs, with the support of their development partners, would launch a stimulus packages to stabilize the agricultural sector with seed distribution and fertilizer programs and subsidies for tractors and other machinery to ensure adequate food production in domestic markets.

VI. Education

Apart from public health and economic impacts, COVID-19 is creating an education emergency that is having devastating impacts on children in LDCs. Out of the total population of students enrolled in education globally, UNESCO estimates that over 89% of school children are currently out of school because of COVID-19 closures; a situation that is similar in LDCs. UNESCO estimates that in LDCs over 111 million girls are staying at home, where getting an

education is already a struggle. UNESCO warns that school closures have the potential for increased drop-out rates which will disproportionately affect adolescent girls, further entrench gender gaps in education and lead to increased risk of sexual exploitation, early pregnancy and early and forced marriage. This will have a serious impact on achieving SDGs related to education, health and gender.

Large-scale, national efforts to utilize technology in support of remote learning, distance education and online learning during the COVID-19 pandemic are emerging and evolving quickly. Digitalization has allowed remote learning for millions of students in the advanced economies. In LDCs only one in five people have access to internet. This limits the scope of students to remain connected in the event the schools are closed. Furthermore, insufficient quality of broadband services is restraining the ability to use teleconferencing tools. The quality, availability and affordability of internet and education and other online related facilities must be enhanced-especially in rural areas-, especially in the long run, to avail the online education facilities.

We invite our development partners and the UNDS to extend immediate support to LDCs to provide education facilities to students staying at home. We call for the following support:

- Provide equipment, including low-cost laptops or other devices, to students where internet is available.
- Provide low-tech and gender-responsive support, where digital infrastructure is not advanced, such as producing educational radio and television programs and distributing equipment such as radios and textbooks to the poorest and marginalized households.
- Provide training and technical support to educators to develop online curriculum and teaching methods.
- Continue or launch food for education programmes and other health and hygiene related support to students.
- The quality, availability and affordability of internet and education and other online related facilities must be enhanced-especially in rural areas- to avail the online education facilities.

VII. Employment and labour

Full or partial lockdown measures are now affecting almost 2.7 billion workers, representing around 81 per cent of the world's workforce. In the current situation, businesses across a range of economic sectors are facing catastrophic losses, which threaten their operations and solvency, especially among smaller enterprises, while millions of workers are vulnerable to income loss and layoffs.

Traditional services sectors, such as tourism, retail, hospitality, and transport, including civil aviation, and some labor-intensive and supply-chain-based manufacturing are taking an immediate hit, resulting in increased layoffs and unemployment. Particularly in LDCs, hard-hit sectors have a high proportion of workers in informal employment and workers with limited access to health services and social protection.

Without appropriate policy measures, workers face a high risk of falling into poverty and will experience greater challenges in regaining their livelihoods during the recovery period. Policy responses need to focus on providing immediate relief to workers and enterprises in order to protect livelihoods and economically viable businesses, particularly for enterprises and workers operating in the informal economy.

- Specific and targeted measures are needed in LDCs, including cash transfers and unemployment benefits to support those who have lost their income and are most affected by the lockdown. This needs to be supplemented by efforts to ensure adequate supply of food and other essentials.
- Development Finance Institutions could use their links with the banking sector in advanced economies and their competencies to channel liquidity to the private sector in LDCs.

VIII. ODA

As LDCs are confronting liquidity crisis in their own public spending and facing difficulties in borrowing from the international market, aid continues to remain the most important source of finance to act counter-cyclically. It is encouraging that ODA from members of the OECD's Development Assistance Committee (DAC) to LDCs has slightly increased by 2.6% in 2019 making the total at \$33 billion, but the share is far from the historically agreed target of 0.15-0.2 per cent of GNI. It is also reassuring that DAC members will "strive to protect ODA budget". DAC members also recognize that LDCs will be the hardest hit by COVID-19 and are already using ODA to help them respond to the double hit of health and economic crises.

ODA will be vitally important for LDCs to tackle the challenge of COVID-19 as for many of them it makes up over two thirds of external finance. ODA is also important for them to continue investment in health, education and social safety nets as well as humanitarian needs.

As LDCs are losing fiscal revenue at a massive scale and the pressure on government exchequer is 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 ODA to LDCs in the year 2020, which is the lower bound of their pledges. This will generate an additional \$43 billion, which will immensely assist LDCs to continue their planned development activities, while meeting the spiraling needs of public health and social protection needs.
- Provide LDCs with grants-based ODA or highly concessional ODA with a grace period of at least 10 years to meet their pandemic-related and other development needs without falling into default
- Countries of the South should increase their grants based and concessional financial assistance to LDCs.

IX. Debt

Even in the pre-crisis situation, external indebtedness became an increasingly serious concern in LDCs. At the end of 2019 6 LDCs were classified as debt distressed, while an additional 12

LDCs were rated at high risk of debt distress. Debt servicing as a percentage of exports of goods, services and primary income stood at 8.7 per cent in 2018. The composition of the debt stock of LDCs has also changed significantly since 2011, with a higher share of private and non-traditional bilateral creditors, which in general have shorter maturities and higher interest rates than concessional financing.

The soaring pressure on government revenue for meeting public health related and broader development needs coupled with a rapid fall in revenue income from both internal and external sources resulting from the multifaceted impacts of the global slowdown are putting LDCs at a high risk of debt default.

Unless sizable debt relief is provided, private and public creditors may face multiple unilateral defaults. The choice is no longer between default and continued debt-service payments, but between a wave of disorderly defaults, and orderly payments agreed to between debtor countries and their lenders, once the economic situation improves. It is in the interest of all, and especially creditors, to safeguard international capital markets, at risk over a potential wave of defaults (SG policy brief).

We welcome the IMF and G20 announcement of time-bound suspension of debt service payment obligations of IDA eligible countries and LDCs that are current on any debt service to the IMF and the World Bank and request forbearance to help them channel more of their scarce financial resources towards vital emergency medical and other relief efforts, initially for a period of six months or until the end of 2020 respectively. The IMF will provide grants to cover IMF debt obligations to 25 IDA countries. This relief will benefit countries in combating health and severe economic effects of the pandemic.

Although the IMF and G20 initiatives give a short-term respite, it does not reduce the debt stock and will require interest payments in the future. Furthermore, it only applies to a limited number of countries. The IMF debt forgiveness plan is also financed through official development assistance contributions.

While we appreciate the recent debt relief initiative, we underline that all members of LDCs are facing serious financial constraints and need immediate support in the form of complete debt relief. We therefore, urge all creditors and development partners to:

- Expand debt standstill to all LDCs, extend the period of suspension of debt service payments to at least 2 years and include principal and interest payments, as well as associated fees and charges in debt standstill arrangements.
- Grant debt relief for all LDCs with immediate effect to free up liquidity and invest more in their health systems and economic recovery;
- Official creditors should consider debt swaps to enhance social investments and address the impact of COVID-19
- Private and commercial creditors should join this debt cancellation and debt moratorium to avoid the public sector bailing out private creditors.

- Debt sustainability framework for LDCs should systematically take into account their structural constraints and longer-term investment requirements for the implementation of the Sustainable Development Goals;

We request the UNSG to take a lead in this regard, especially to bring the private and other commercial creditors on board as there is no established mechanism, at the international level, to guarantee their participation in debt relief or debt moratorium initiatives.

X. Trade

The adverse trade effects of Covid-19 are likely to be more severe than those of the global financial crisis of 2008–2009 as they comprise both demand- and supply-side shocks. World merchandise trade is set to plummet by between 13% and 32% in 2020 due to the COVID-19 pandemic. Merchandise trade volume already fell by 0.1% in 2019, weighed down by trade tensions and slowing economic growth. Estimates of the expected recovery in 2021 are equally uncertain, with outcomes depending largely on the duration of the outbreak and the effectiveness of the policy responses.

Tariff rates on pharmaceuticals and medical equipment are relatively low, but disinfectants and other personal protective products needed to fight the pandemic still face high tariffs and nontariff barriers in many countries.

LDCs will be hit hard because of their dependence on trade as a driver of economic growth, their small domestic markets and low levels of diversification, all of which increase their vulnerability to external shocks – as the global financial crisis demonstrated. Trade in goods and services comprise around 40% of GDP for some LDCs.

Trading partners of LDCs, including the top three (i.e. China, the European Union and the United States), are the hardest hit by the COVID-19. Exporters in LDCs, especially apparel exporters, are facing an onslaught of order cancellations, as the COVID-19 pandemic forces store closures in Europe and the United States, risking the livelihoods of millions of garment workers in their supply chains.

Global trade is therefore being disrupted by factors such as decreasing levels of consumption, restrictions placed on the movement of people, business shutdowns and lower productivity in operations. These global supply chain disruptions are impacting LDCs, affecting product exports from some LDCs where many factories are already closing due to a shortage of raw materials and cancellation of export orders. For textile and RMG exporting LDCs, such as Bangladesh and Cambodia, it has been reported that impacts are significant. This is having serious impacts on the affected industries and their employees.

In some LDCs, due to lockdown, industries are not been able to meet the shipment deadline. These are causing cancellation or non-payment for orders, leaving suppliers unable to pay wages owed to their workers.

Sharp drops in commodity prices are putting pressure on public budgets, notably in commodity-dependent LDCs. An oil export-dependent LDC, for example, has already declared a state of emergency as its 2020 budget was originally based on oil prices in the region of US\$55 per barrel as opposed to US\$21 per barrel following the sudden price drop.

LDCs need strong global support at this critical time to mitigate serious impacts in the area of trade and we call for the following measures:

- Member States, especially G20 countries, should quickly implement trade policies that can protect lives in LDCs by improving access to affordable medical supplies. Eliminating all protectionist measures including tariffs to lower the cost of inputs like active ingredients and other chemical products related to treatment and care of COVID-19 patients. WTO should facilitate an agreement to completely eliminate tariffs and nontariff barriers on health-related products for LDCs.
- As COVID-19 wreaks havoc across industries worldwide, countries should begin preparing the groundwork for a “renewed and revitalized global trade framework” to help rebuild the world economy and protect LDCs.
- Trading partners of LDCs should fulfill existing contractual obligations by taking delivery of goods already produced and goods currently in production and pay under the normal term.
- Importers of LDCs are requested not to cancel any existing orders or penalize the LDCs exporters for not being able to meet the delivery schedule by excusing them from their contractual obligations by invoking *force majeure* clause as a result of the COVID-19 pandemic, even if it is not explicitly included in the contract.
- Provide increased share of Aid for Trade to LDCs to build their export capacity and foster diversification.

XI. Tourism

Restrictions in the movement of people, border shutdowns and airline disruptions mean that countries that draw a substantial part of their national income from tourism and its associated services will be severely impacted. This was already the case in 2009 following the financial crisis and H1N1 epidemic when the number of visitors to LDCs and their spending dropped.

Some LDCs, where tourism accounts for around 25 per cent of foreign exchange earnings and approximately 20 per cent of GDP, will be seriously affected. The sudden stop in tourist arrivals will especially hurt the tourism sector in several small island developing States (SIDS) where it is one of the dominant sectors, employing millions of low-skilled workers.

UNWTO estimates international tourist arrivals could decline by 20 to 30 per cent in 2020. This would translate into a loss of 300 to 450 US\$ billion in international tourism receipts (exports) – almost one third of the US\$1.5 trillion generated globally in the worst-case scenario. Although countries with tourism sectors will be impacted irrespective of their level of development, in LDCs this impact is likely to compound with other forms of economic and social fragility.

- Coordinated and strong mitigation and recovery plans are urgently needed to support the sector, so that it can generate massive returns across the whole economy and jobs.

XII. Balance of payment crises

Governments are facing excessive pressure on their budget due to extra-budgetary expenditure across critical sectors to contain the outbreak, compounded by serious revenue losses. This will widen the budget deficit. Furthermore, due to loss of export earnings, remittances and other flows, many LDCs are likely to face serious balance of payment and current account deficit. For many LDCs, maintaining reserves of at least three months of import cover without external resources will be challenging.

The ongoing IMF emergency financing under the Rapid Financing Instrument and the Rapid Credit Facility is providing some support to the authorities' emergency policy response, preserving fiscal space for essential health spending, safety net measures and for sustainable economic recovery. The ongoing support will not be enough to cover the growing current account deficit and balance of payment in most LDCs. We are therefore calling to the IMF to:

- Increase resources under the facilities, to which LDCs and other vulnerable countries have access, including Poverty Reduction and Growth Trust, the Rapid Financing Instrument and the Rapid Credit Facility;
- Ensure access to resources from facilities be additional and not constrained by annual access limits;
- Arrange immediate issuance of Special Drawing Rights for LDCs, to the tune of at least \$50 billion, as part of new SDR allocations, and commensurate with the size of their populations and their balance of payment needs. If necessary, this increase in the quotas of LDCs could be done through reallocating SDRs from high-income countries to LDCs.

XIII. Migration and remittances

Remittance flows to LDCs had increased relatively rapidly from USD 28.2 billion in 2011 to USD 52.1 billion in 2019, which corresponds to around 5% of GDP. The high percentage of personal remittances to GDP for several LDCs such as Liberia (14.1%), Nepal (28.6%) and Haiti (32.5%) leave them exposed to shocks from reductions in remittances.

A number of migrants, including many doctors and health care workers, from the LDCs are working at the frontline to protect the COVID-19 patients and other essential services in their host countries. Many of them have already lost their lives and many others are COVID-19 positive while serving in their host countries. They must be recognized, duly honored and treated without any discrimination.

A number of migrant workers have already lost their jobs without any compensation or unemployment benefits. Corona virus-related travel restrictions by hundreds of countries and border shutdowns are creating an unprecedented impact on labor mobility, new migration and remittances. A recent report of the World Bank says remittances to low and middle-income

countries (LMICs) are projected to fall by 19.7 percent to \$445 billion, representing a loss of a crucial financing lifeline for many vulnerable households.

Even in cases where migrants have money to send home, it has become more difficult to do so as around 80% of remittances are sent physically via a Remittance Service Provider, but these money transfer networks have partially or totally shut down. As of March 2020, the global average cost of sending \$200 was 6.79% (or \$13.58)—well above the SDG aim of 3%. Furthermore, the economic volatility caused by the pandemic has made it difficult for Remittance Service Providers to set exchange rates, leading to higher foreign exchange related fees.

We urge the following measures in this regard:

- The host country of the migrants should protect the job of the migrant workers from LDCs and extend the same access to health care, social protection and safety net measures granted to their nationals to migrants who are forced to stay home due to COVID-related lockdown.
- Host countries of the migrant workers, banks and money transfer agencies can declare remittance service providers as essential services and waive transaction fees of the remittances of LDC nationals until the pandemic is completely over.
- LDC diasporas are supporting mitigation and preparedness in their countries of origin through finance and technical know-how. These efforts should be encouraged and supported through matching funding schemes.
- Promote the use of digital transfers of remittances and reduce remittance transaction fees.

XIV. Increased economic vulnerability and challenges of graduating countries

Twelve LDCs are in various phases of graduation. All these countries already face high vulnerability to economic and environmental shocks. Given the serious consequences of the corona virus pandemic, the economic development trajectories that these countries are enjoying are unlikely to be sustained during 2020 and beyond. The economy of all graduating countries are narrowly based predominantly concentrated on a handful of sectors including RMG, tourism or fossil fuels, all these sectors are worst affected by the COVID-19 and countries are experiencing precipitous fall in revenue income.

- These countries need continued and scaled up international support to introduce comprehensive financial stimulus to protect the niche sectors of their economy in order to avoid the reversal of their development gains and the potential of missing the graduation thresholds, after fulfilling them for one or more times.

XV. Conclusion

The world is facing an unprecedented challenge. LDCs are at the hotspot to bear the major brunt of the consequences. The impact will be exponential and spill over to all sectors of their society and economy. Given their weak economy and fragile fiscal space, LDCs cannot fight this war alone. This is indeed a litmus test for the development partners to demonstrate that they are always behind LDCs, even at the most critical time the world is facing now. We echo the

sentiment expressed by the OECD Secretary-General Angel Gurría, as he called for “a modern, global effort akin to the last century’s Marshall Plan and New Deal – combined.” That’s why we need an “economic stimulus package for LDCs” which we have spelled out in this paper. 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 of LDCs.