Statement of Kazakhstan on behalf of the Group of Landlocked Developing Countries at the Informal Dialogue on Debt Distress in LDCs, LLDCs and SIDS

New York, 18 June 2020, virtual meeting

Under-Secretary-General,
Distinguished panelists,
Ladies and gentlemen,

I would like to thank Madam Utoikamanu, the panelists and the distinguished Ambassadors of Malawi and Belize, Chairs of LDC and SIDS Groups for co-organizing this timely dialogue during such challenging times of the global pandemic.

I deliver this statement on behalf of the Group of the Landlocked developing countries. The LLDCs are faced with developmental challenges that emanate from their lack of direct access to the seaports. Multiple border crossings, inadequate transit transport infrastructure and the high trade costs have devastating impact on the development of LLDCs and their integration into the global economy.

Whilst the COVID-19 pandemic emerges to be a global challenge, it severely constrains the financial and fiscal space in LLDCs. Thirteen LLDCs are already classified as Highly Indebted Poor Countries. Some LLDCs have external debt stock higher than their gross national income. For many LLDCs their external debt is predominantly private non-guaranteed debt, which increased to 47 per cent in 2018. Debt servicing averaged 20 per cent of the export revenue of LLDCs. It is also a great concern that foreign direct investment flows to LLDCs continue to decline. Private international capital flows, particularly FDI, are vital in complementing national development efforts of LLDCs.

Debt relief and concessional finance is critical and the role of international financial institutions and regional development banks is key. Multilateral development banks and development finance institutions should continue to scale up their contributions to the Decade of Action on SDGs.

The LLDCs rely on the UN system and its specialized agencies for assistance and request to be allowed to defer their debt-service payments to all international creditors - official and private - for the period of recovery.

******

Dear colleagues,

The speed of change is faster than our response. The COVID-19 pandemic places LLDCs, as well as other vulnerable countries in special situation under higher risks of being left behind in these international efforts.

There is a pressing need to support LLDCs with debt relief in order 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.

In this regards, we are interested to learn today if the future international efforts could include any concrete mechanisms of financial or debt assistance to the countries in need?

Thank you!