

LLDCs Statement and Call for Action on COVID-19

Introduction

Today, COVID-19 marks a severe development challenge for especially vulnerable countries like LDCs, LLDCs and SIDS at household and at national levels. The pandemic is much more than a health crisis that is resulting in significant socio-economic impacts affecting the ability of LLDCs to achieve the goals of the Vienna Programme of Action for LLDCs for the decade 2014-2024 and the 2030 Agenda for Sustainable Development.

Confirmed cases of COVID-19 in LLDCs as of 22 May 2020

Development partners, United Nations and other international and regional organizations need to urgently step up capacity building and technical assistance to LLDCs in support of trade facilitation, transport services and logistics solutions. LLDCs should particularly be supported to make use of digital solutions in border clearance operations such as electronic data exchange, automation, electronic payments, electronic submission of documents as much as possible to limit physical contact at borders and protect the health of workers.

II. International Trade

LLDCs economies are heavily reliant on international trade as demonstrated by relatively high trade-to-GDP ratio, which stood at about 73 per cent compared to world average of 59 per cent in 2018. Due to COVID-19 related dramatic supply and demand shocks in the world economy and the inevitable major disruptions to international trade, LLDCs face a relatively huge loss of foreign exchange earnings. According to the WTO, world merchandise trade is expected to plummet by between 13 per cent and 32 per cent in 2020 depending on the depth and extent of the global economic downturn⁴. Primarily, the LLDCs' losses in export earnings will be compounded by the sharp decline in commodity prices, which is estimated to be 37 per cent this year according to UNCTAD⁵. The limited diversification of economic activity in many LLDCs, with greater commodity dependence, leave them more vulnerable than ever to new shocks and disturbances. This is not without consequences for their development needs, their structural transformation plans and the implementation of the VPoA and the 2030 Agenda for Sustainable Development. This situation also further marginalizes LLDCs from global trade as

III. Economic Impact

LLDCs are generally among the poorest of the developing countries with 17 of the LLDCs classified as least developed. One-third of the population of LLDCs still live in extreme poverty and the average human development index of LLDCs lags behind the world average. Inadequate domestic financial resources, high debt levels and fragile health systems present an urgent challenge for LLDCs.

The social distancing necessary to stop the contagion has already led to economic shutdown affecting the already vulnerable LLDCs' private sector which comprise mainly Small and medium-sized enterprises (SMEs), and the informal sector. SMEs which make a larger proportion of the private sector in LLDCs and are also an important contributor to job creation are among the worst hit by the pandemic. According to OECD, the crisis has affected SMEs disproportionately, and has revealed their vulnerability to the supply and demand shocks with a serious risk that over 50% of SMEs will not survive the next few months⁷. A widespread collapse of SMEs could have a strong impact on the LLDCs' economies including contraction of their incomes as well as falling fiscal revenues. Unemployment is expected to increase significantly. Without appropriate policy measures, workers face a high risk of falling into poverty and may experience greater challenges in regaining their livelihoods during the recovery period.

Tourism is one of the key sectors in many LLDCs and tourism has dried up as countries

diversion of resources from pre-pandemic health care and to circumvent a set-back in the progress that has been made on the health SDGs.

In light of this we call on the following actions:

Development partners, the United Nations, the International Financial Institutions, and other international organizations should support LLDCs with the resources to prepare and respond to

Effective social protection schemes and policies, along with

COVID-19. Increased ODA, in particular in the form of grants, and including through enhanced crisis response mechanisms, will likely be needed to support LLDCs' response to the COVID-19 crisis.

In light of this we call on the following actions

Development partners are encouraged to increase ODA to LLDCs

Countries of the South should strive to increase financial and technical assistance to LLDCs, in the spirit of solidarity and South-South Cooperation.

FDI flows to LLDCs have b

of migrant workers in host countries. In addition,

