CONCEPT NOTE
COVID-19, Vulnerability and the Urgent Need for Access to Finance in Small States

Introduction
The Commonwealth Secretariat and AOSIS will co-host a side event in the margins of the 75th UNGA to be held on 24, September 2020 from 13.00 hrs - 15.00 hrs. This side event will focus on the economic impact of COVID-19 on small states, and will highlight the urgent need for improved access to financial resources and debt relief in order to secure small states’ economic resilience, and progress on their SDGs and climate targets. The event will serve as a platform for small states to call for increased partnerships and concerted efforts towards a special and exceptional status, now most important given that heir vulnerabilities have been further exposed by COVID-19.

Background
Small states are already bearing the brunt of the global economic recession as evidenced by collapsing growth and tourism revenues, depressed capital flows and remittances. Increasing debt levels owing to required fiscal responses are exerting additional pressure on small states’ already limited fiscal space. In tandem, historically low international commodity prices are threatening the balance of payments of small commodity exporters’, whilst food insecurity is a real concern for small states’ limited natural resources and manufacturing sectors.

Covid-19 has further weakened small states’ ability to respond to natural disasters and climate change, more broadly. It has also exposed small states’ middle-income trap, as those without special access to concessional resources, struggle to make their case for international assistance. These countries are not eligible for the G20’s debt service suspension initiative (DSSI) and do not qualify for other forms of relief including that provided through the World Bank International Development Association and OECD countries official development assistance.

Marginalised whilst at peril to covid-19 and climate change, most small states are likely to experience a major economic setback, derailing both their SDGs and climate targets.

To advance these issues AOSIS has prepared a Statement on Debt, calling on the international community to reform the financial system to support small states. AOSIS members have also actively participated in the Canada-Jamaica process on financing for development in the era of Covid. However, there has been little uptake of AOSIS proposals for more targeted support to small island developing States.

This engagement will provide the much needed political momentum to advance the small states cause.

Supporting Small States
To support small states the Commonwealth Secretariat and AOSIS will call on the UN General Assembly to:

• Encourage G20 and G7 members to widen access to the DSSI as well as to consider outright debt relief for highly vulnerable and indebted small states. Additionally, to
consider all forms of innovative financing - for example, debt for development swaps - to improve small states access to affordable financing; to fight the effects of COVID-19; and to help them attain economic resilience.

- Consider systematic debt restructuring options to improve solvency conditions in small states into the medium to long-term.

- Motivate increased partnership between multilateral and regional institutions, particularly towards an agreement on the definition and measurement of economic vulnerability, and the consideration of the metric as a criterion in international concessional financial instruments.

- Recognise work on the development of multidimensional and dynamic vulnerability indices such as by the Caribbean Development Bank and Commonwealth Secretariat.

Expected Outcomes

A high level statement signalling the need for a SIDS Compact and outlining concrete actions towards special and exceptional treatment of small states to access development finance, including options for innovative debt restructuring and relief measures.

Logistics and Meeting Format

Chairmanship: The meeting will be held virtually in collaboration with AOSIS and will be co-chaired by H.E. Lois Young, Permanent Representative of Belize to the UN and chair of the Alliance of Small Island States, and H.E. Jagdish Dharamchand Koonjul, Permanent Representative of Mauritius to the UN.

Discussion papers: Two concise discussion papers focusing on options for access to development finance; innovative debt restructuring and debt relief options will be prepared and circulated prior to the meeting.

Reporting and Leaders’ Statement: A summary outlining outcomes of the meeting will be produced and signed off by the co-Chairs. An advocacy statement will be issued and signed by the Leaders of the co-chairing countries.

Provisional programme

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<th>Time</th>
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<tr>
<td>5 minutes</td>
<td>Introduction and Remarks by Commonwealth Secretary-General</td>
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<td>• Rt. Hon. Baroness Patricia Scotland QC</td>
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<td>5 minutes</td>
<td>Remarks by the Permanent Representative of Belize to the UN and chair of the Alliance of Small Island States</td>
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<td>• HE. Lois Young</td>
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<td>20 minutes</td>
<td>Keynote Address: Rt. Hon. Mia Mottley, Prime Minister, Barbados</td>
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| 45 minutes | **Session 1: COVID-19, Vulnerability and Importance of Accessing Affordable Development Finance**  
Fireside Chat with:  
Comsec; CDB; UNOHRILLS; PIFs;  
Remarks by:  
- Mauritius (TBC)  
- Fiji (TBC)  
The session will be led by the Leaders/representatives from Africa, Caribbean and the Pacific and focus on concrete actions to agree on vulnerability metrics and to advocate for access to affordable development finance amidst economic recession induced by COVID-19, which expose further vulnerabilities of small states. |
| 45 minutes | **Session 2: Innovative Debt Restructuring and Options of Debt Relief**  
Fireside chat with:  
AOSIS; Comsec; UNECLAC; AU  
Remarks by:  
- Maldives (TBC)  
- Seychelles (TBC)  
The session will be led by Leaders/representatives from Africa, Asia, Caribbean and the Pacific. The session will focus on options for innovative debt restructuring and relief with an ultimate objective of attaining debt sustainability. |
| 15 minutes | **Summary of Discussions and Closing Remarks**  
- Rt. Hon. Patricia Scotland, QC  
- H.E. Lois Young, Permanent Representative of Belize to the UN and chair of the Alliance of Small Island States |