



**Statement by H.E. Dr. Mohamed Asim
Minister of Foreign Affairs of the Republic of Maldives
on behalf of the Alliance of Small Island States
at the General Debate
of the ECOSOC Forum on Financing for Development
Trusteeship Council Chamber, 23 April 2018**

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Mr. President, Secretary General, Excellencies, Ladies and Gentlemen,

I have the honour to speak on behalf of the Alliance of Small Island States, AOSIS. We align ourselves with the statement delivered by the Distinguished Representative of Egypt on behalf of the Group of 77 and China. It is my privilege to speak at this esteemed Forum today. A follow-up forum to the financing for development process is historic for many reasons. It is a strong indication of the long way we have come in creating political momentum and building consensus to generate the required financing for the implementation of the Agenda 2030.

The Addis Agenda, with its transformative vision, was a paradigm shift in how we view financing for development. It draws attention to the special challenges of the most vulnerable in the international society. It recognises the SIDS as a special case for sustainable development. Let me also take this opportunity to thank the Inter Agency Task Force for its analysis on the implementation of the Addis Agenda. The insight from the Task Force's Report serves as an invaluable tool for monitoring progress made, and challenges that remain in the implementation of this ambitious agenda.

As island states that face structural and environmental constraints in realizing our development objectives, we continue to rely on the positive engagement and good conscience of multilateral processes. The ebbs and flows of domestic political realities should not reverse the breakthroughs we as a global community have made in the decades past. For AOSIS member states, this Forum is crucial in advancing many issues of critical importance to us. We have noted the growing emphasis on leveraging private sector financing to fund the Addis Agenda and the SDGs, both in our discussions on the outcome document and through the IATF report. While we understand that the trillions required to fund the SDGs will have to come from various resources, including the

private sector, public finance for island states will continue to remain central. ODA represents the largest external financial flow for 22 SIDS, accounting for over 40 per cent of all external financing - which goes to show how much SIDS continue to rely on traditional development finance. Our small populations and smaller tax bases, narrow economic resources and issues of economies of scale limits the possibility of private sector participation.

Small island developing states do not fit into the traditional development model where low-income countries become medium-income and then transition to the competitive international market. Instead, more often than not, the SIDS find themselves locked in the middle-income trap. We are witnessing a reversal in development gains due to external shocks, environmental degradation caused by climate change. This is most apparent in the fact that SIDS constitute two-thirds of countries that suffer the highest relative losses due to natural disasters which is around 9 percent of their GDP each year. We have therefore long advocated for the revision of eligibility criteria for concessional financing. As countries with higher per capita income levels and who nonetheless suffer from structural vulnerabilities, we have felt the need to revisit the idea of gross income levels as sole indicators of development assistance. We welcome the efforts made by some multilateral development banks, for making exceptions to island economies in order to be more attuned to the needs of SIDS. These efforts need to be holistically applied across the board - in the work of all development banks and the UN system.

The threats of climate change are not a theory, but a reality that people in the SIDS face on a daily basis. The 2017 Atlantic hurricane season laid bare the vulnerabilities that island states have contend with in the face of increasing frequency and intensity of disasters. Not only do these environmental challenges pose a direct and dangerous threat to our lives and livelihoods in the short term, but affect us adversely in the long term. We welcome the recognition of climate change as a cross cutting focus area in the FFD Forum - yet we must do more. The IATF report notes that while global economic recovery has gone up by a margin in the last year, it has also had a correspondent increase in global emissions. This is extremely worrisome for countries like the Maldives and all the other SIDS.

The middle income SIDS with no access to concessionary financing and which are already highly indebted face crippling challenges in the aftermath of these disasters. Sovereign debt burdens remain one of the key challenges that SIDS face. We hope that discussions in this Forum focus on concrete ways ahead to develop instruments that can

be used by developing countries, especially SIDS for short term and long term debt relief. We note the rise of quick-disbursing international financial resources for use during economic and financial crises and after disasters.

Another issue of growing worry for SIDS is the decline in correspondent banking relationships. With constrained economic opportunities, decreased concessionary financing tools from the international financing mechanisms, and remittances are important tools to financing in our countries, decline in correspondent banking is a huge challenge and closely related to the financial stressors experienced by many SIDS. We are hopeful that the FFD Forum will look closely into this matter in the future as well.

We express our profound appreciation to the Permanent Representatives of Jamaica and Portugal for providing the draft conclusions and recommendations and leading us to a consensus document. At the same time, AOSIS remains concerned about some aspects of the outcome document - not least the trend of disrespecting agreements on long established universal principles. We hope that good faith negotiations and the spirit of compromises that AOSIS has maintained throughout these discussions will be respected and reciprocated in our work ahead.

Mr. President, please be assured that AOSIS stands ready to do its part in the realization of our commitments and urges the global community to work urgently to do the same. With this I thank you and wish you a productive session.

I thank you Mr President.