Progress in addressing vulnerabilities of SIDS through the implementation of the Mauritius Strategy

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Tariq Banuri
Director, DESA/DSD
The SIDS Landscape

- Ecological Exposure: natural disasters, low resource base
- Economic Vulnerability: Small economic size, narrow export base, dependence on unreliable export sectors (e.g., tourism) and financial inflows (ODA, FDI, R)
- Economic Disadvantage: Distance/transport, low scale economies, narrow skill base, high unit cost of public institutions
- Progress: variable growth record since 1990, increased CO$_2$ emissions (in all SIDS) 2000-06, worsened vulnerability since 2000, significant but mixed progress on MSI and MDG since 2005, multiple crises threaten earlier achievements, declining ODA (in some), graduation from LDC category (for some), absence of dedicated support
Disadvantages

- International “hubs-and-spokes” topology of transport, trade and the Internet has further marginalized SIDS at the “spokes” of the system
- 9 of 11 SIDS among the bottom 50 logistics performers, 3 SIDS among the bottom 10
- IP transit service prices 10 to 100 times larger in SIDS capitals than US/European cities
- Low R&D investment (0.13% of GDP in Caribbean)
- Only 20 of 5009 CDM projects validated in SIDS until 2010
Sources of Volatility

- Energy price shocks (12% of SIDS imports are oil)
- Tourism receipts account for 51% of SIDS export value
- Volatility index of tourism revenue was 1.8 for SIDS compared to 0.7 for LDCs
- 6 SIDS top list of countries with the highest relative economic losses due to natural disasters 1970 to 2006
- Future: Sea-level rise an existential threat to low-lying atoll islands
Access to financial resources

Average flows to SIDS* [% of GDP]

- ODA received
- FDI net inflows
- Worker remittances

Year

ESCAP/UNDP/ADB economic crisis vulnerability index (Sept. 2009)

**Exposure index**
- export sophistication
- FDI
- ODA
- Worker’s Remittances
- Inbound Tourism

“minus”

**Coping capacity index**
- external public debt stocks to GDP ratio
- reserves in months of imports ratio
- gross savings to GDP ratio
- government effectiveness (WB)
- HDI (UNDP)
Economic crisis vulnerability

*SIDS highly vulnerable due to exposure regardless of coping capacity*

![Graph showing exposure and coping capacity indices for different economic crisis vulnerability categories.](image)

Source: ESCAP/UNDP/ADB (Sept. 2009), based on data for 24 SIDS world-wide.
High vulnerability of SIDS worsened further since 2000

Data source: ESCAP/UNDP/A DB (Sept. 2009), based on data for 24 SIDS worldwide.
Economic vulnerability of most SIDS higher than LDC average

The diagram shows the economic crisis vulnerability for various countries. The x-axis represents the countries, and the y-axis represents the economic crisis vulnerability index. The SIDS LDC (Least Developed Countries) and SIDS Non-LDC categories are distinguished by color: SIDS LDC in red and SIDS Non-LDC in blue. The LDC average is indicated by a green line.

Countries included in the analysis are:
- Comoros
- Solomon Islands
- Sao Tome and Principe
- Vanuatu
- Maldives
- Samoa
- Seychelles
- Tonga
- Grenada
- Belize
- Dominica
- Jamaica
- Saint Lucia
- Saint Vincent and the Grenadines
- Antigua and Barbuda
- Dominican Republic
- Saint Kitts and Nevis
- Suriname
- Cape Verde
- Fiji
- Barbados
- Papua New Guinea
- Mauritius
- Trinidad and Tobago
Environmental vulnerability of most SIDS higher than LDC average

Source: UNEP/SOPAC environmental vulnerability index
To graduate, need to score beyond threshold in two of the three CDP criteria:

<table>
<thead>
<tr>
<th>Gross national income per capita</th>
<th>Human assets Index</th>
<th>Economic vulnerability index</th>
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Exposure
- Smallness: 50%
- Location: 25%
- Structural: 25%

Past shocks
- Natural shocks: 50%
- Trade shocks: 50%

Economic vulnerability index
- Past shocks: 50%
- Smallness: 50%
CDP’s economic vulnerability index in 2007 (2009 review)

Average for LDCs and other low income countries reviewed by CDP in 2009
The 19 MSI themes address intrinsic vulnerabilities of SIDS

<table>
<thead>
<tr>
<th>Climate change and sea-level rise</th>
<th>Transport and communications</th>
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<td>Natural and environmental disasters</td>
<td>Trade</td>
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<td>Management of wastes</td>
<td>Science and technology</td>
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<td>Coastal and marine resources</td>
<td>Graduation from LDC status</td>
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<td>Freshwater</td>
<td>Tourism</td>
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<td>Land resources</td>
<td>Energy</td>
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<td>Biodiversity</td>
<td>Health</td>
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<td>Sustainable production and consumption</td>
<td>Knowledge and information management</td>
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<td>Sustainable capacity development and education</td>
<td>National and regional enabling environments</td>
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<td>Culture</td>
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The 7 MSI “means of implementation” address intrinsic vulnerabilities of SIDS

| Access to and provision of financial resources | Monitoring and evaluation |
| Science and technology transfer | National and international governance |
| Capacity development | Role of SIDS regional institutions |
| Role of the UN |  |
Ongoing vulnerability assessment work by SIDS Unit of DESA-DSD

- Comprehensive vulnerability-resilience framework
- Economic, environmental and social vulnerabilities
- Self-assessment by SIDS that could be peer-reviewed
- Today’s side event (1:15-2:45 pm, Conference room E) will include a presentation on this framework
Challenges for International Cooperation

- Existing international support not focused on needs
- LDC graduation criteria
  - Graduation criterion (any two out of three dimensions), reduces importance of permanent vulnerability?
  - Vulnerability criteria (the EVI) based on limited past data, but not sensitive to changed nature of future shocks
- Support or benefits of LDC status not adequate for the challenge.
- Continued calls by SIDS for formal recognition of SIDS by the UN, together with special treatment in terms of trade, finance, and aid
  - May require formal definition of vulnerable countries or SIDS
  - “Graduation” could be linked to coping capacity
ODA is neither directed at the lowest income SIDS nor to those with the highest vulnerabilities.
Mobilization of International Support

• Review effectiveness of support systems, including the LDC category, for poor and vulnerable countries

• Engage with envisaged review by CDP of LDC graduation criteria?
  – All three criteria should figure in the graduation criteria (e.g., an integrated index rather than “two out of three”)
  – Recommend that EVI reflect vulnerability to anticipated shocks?

• Propose a special category for SIDS or VCs?
  – Questions: What is the support system (i.e., the actual benefits to be derived from such status)?
  – What is the formal definition of SIDS/VCs;
  – How will countries graduate from special category?
Development of National Plans

(a) Strengthen support to national sustainable development strategies and development planning
(b) Support initiatives toward sustainable energy
(c) Invest in fragile ecosystems to build resilience against impacts of climate change
(d) Establish formal partnerships in further implementation of the Programme of Action.

Thank you!
More information: www.sidsnet.org/msi_5/