

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

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for the MSI+5 Review
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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 CO₂ 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

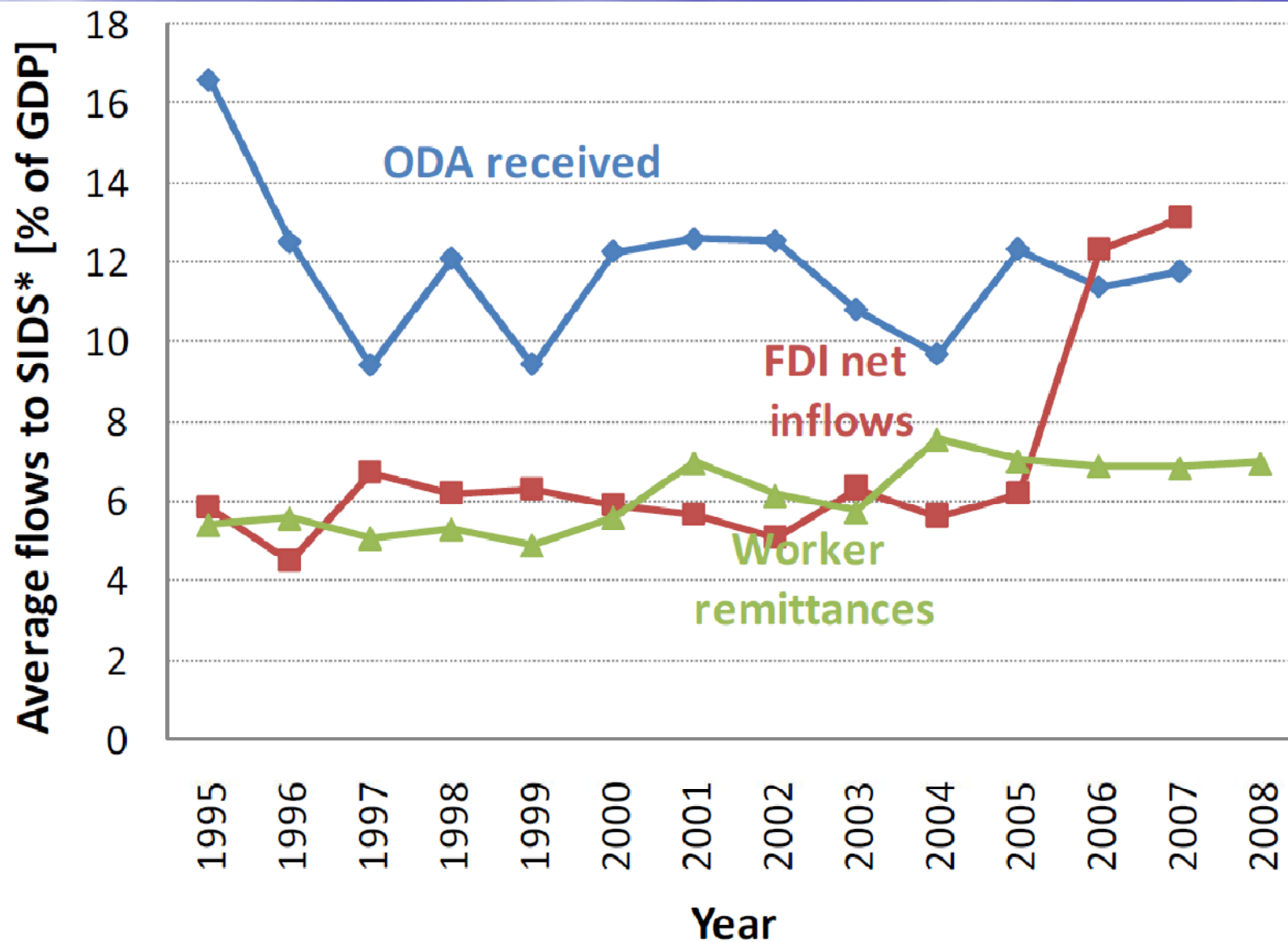
Disadvantages

- 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



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

Exposure index

“minus”

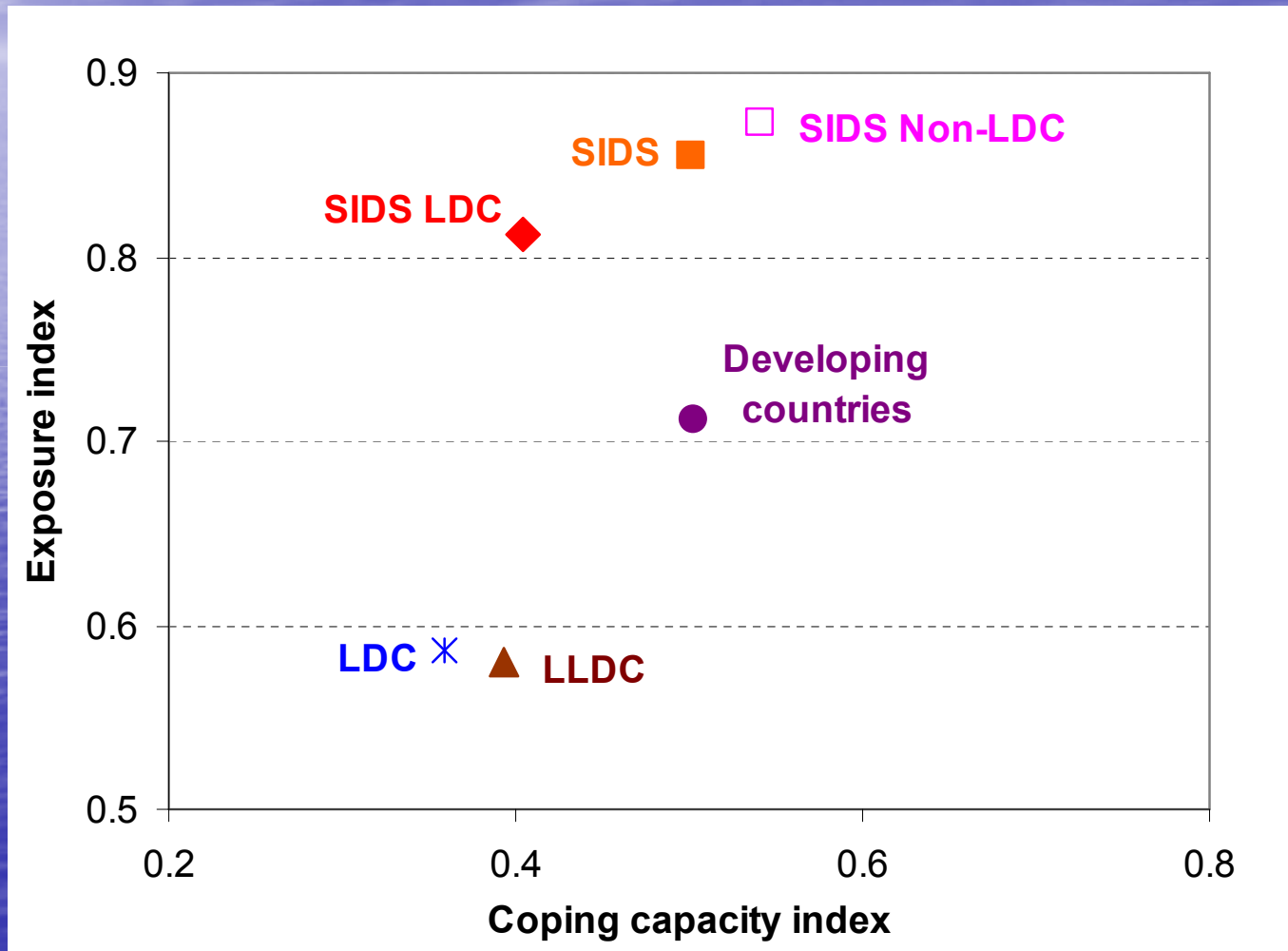
Coping capacity index

- export sophistication
- FDI
- ODA
- Worker’s Remittances
- Inbound Tourism

- external public debt stocks to GDP ratio
- reserves in months of imports ratio
- gross savings to GDP ratio
- government effectiveness (WB)
- HDI (UNDP)

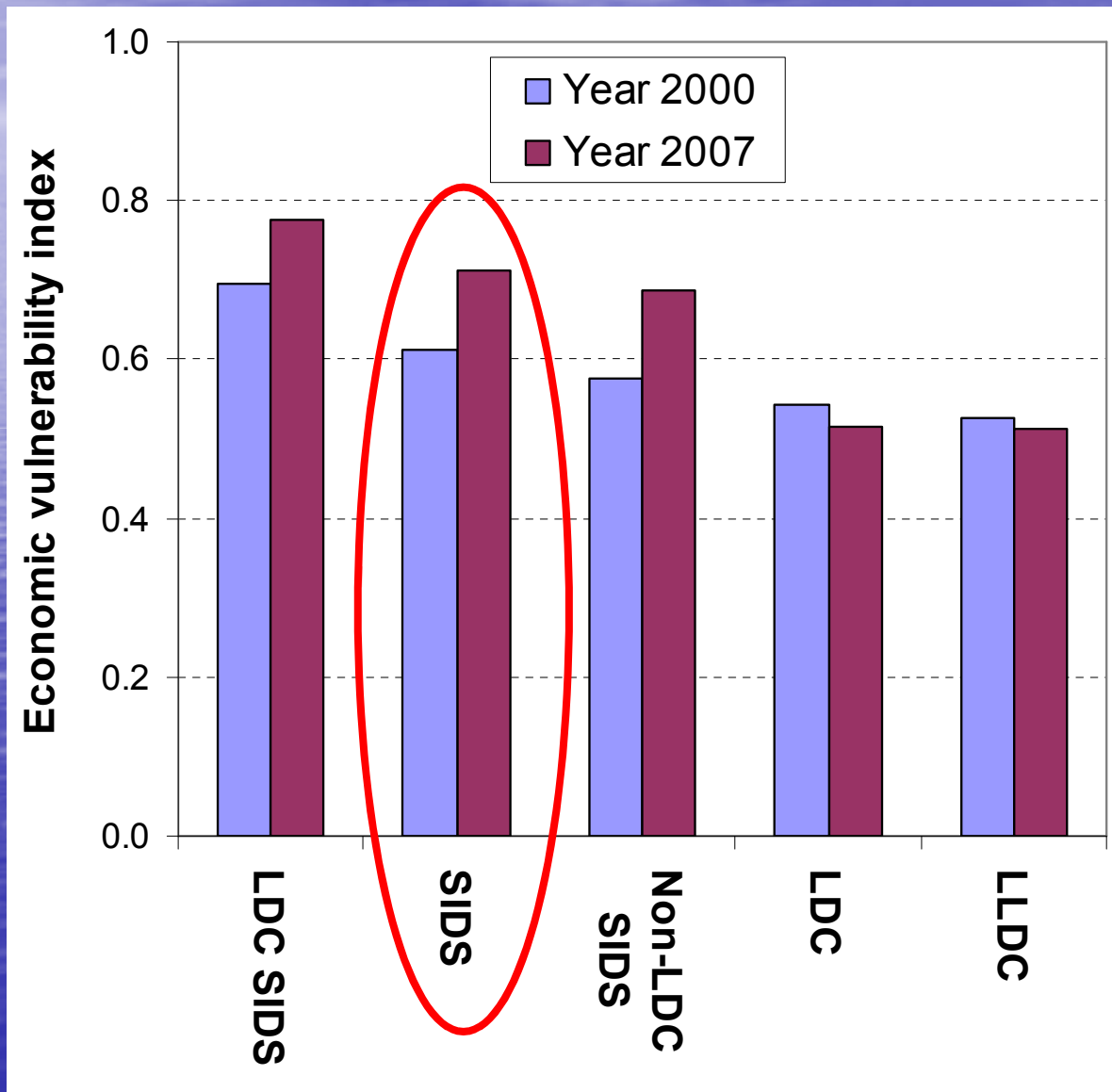
Economic crisis vulnerability

SIDS highly vulnerable due to exposure regardless of coping capacity



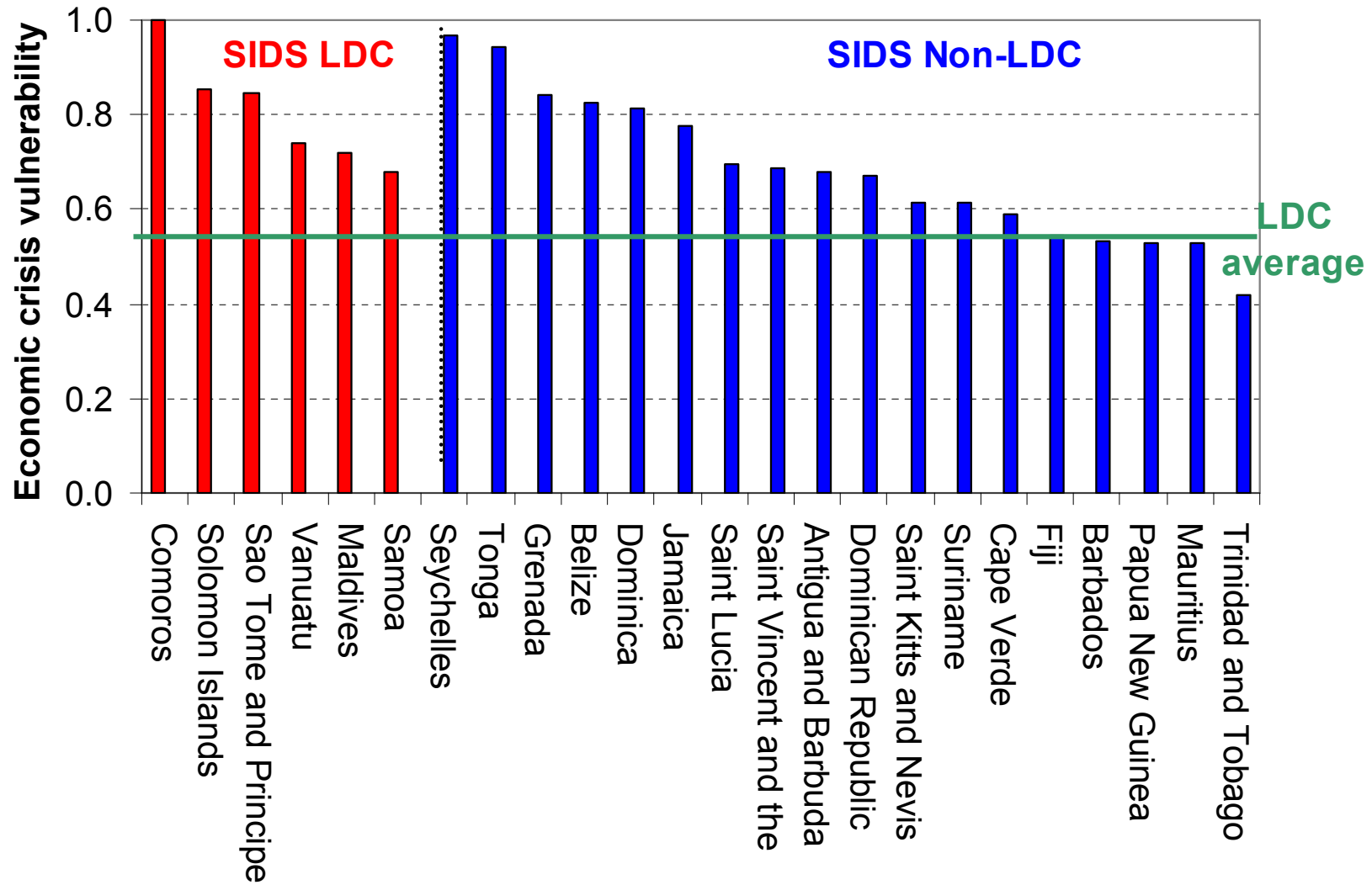
Source: ESCAP/UNDP/ADB (Sept. 2009), based on data for 24 SIDS world-wide.

High vulnerability of SIDS worsened further since 2000

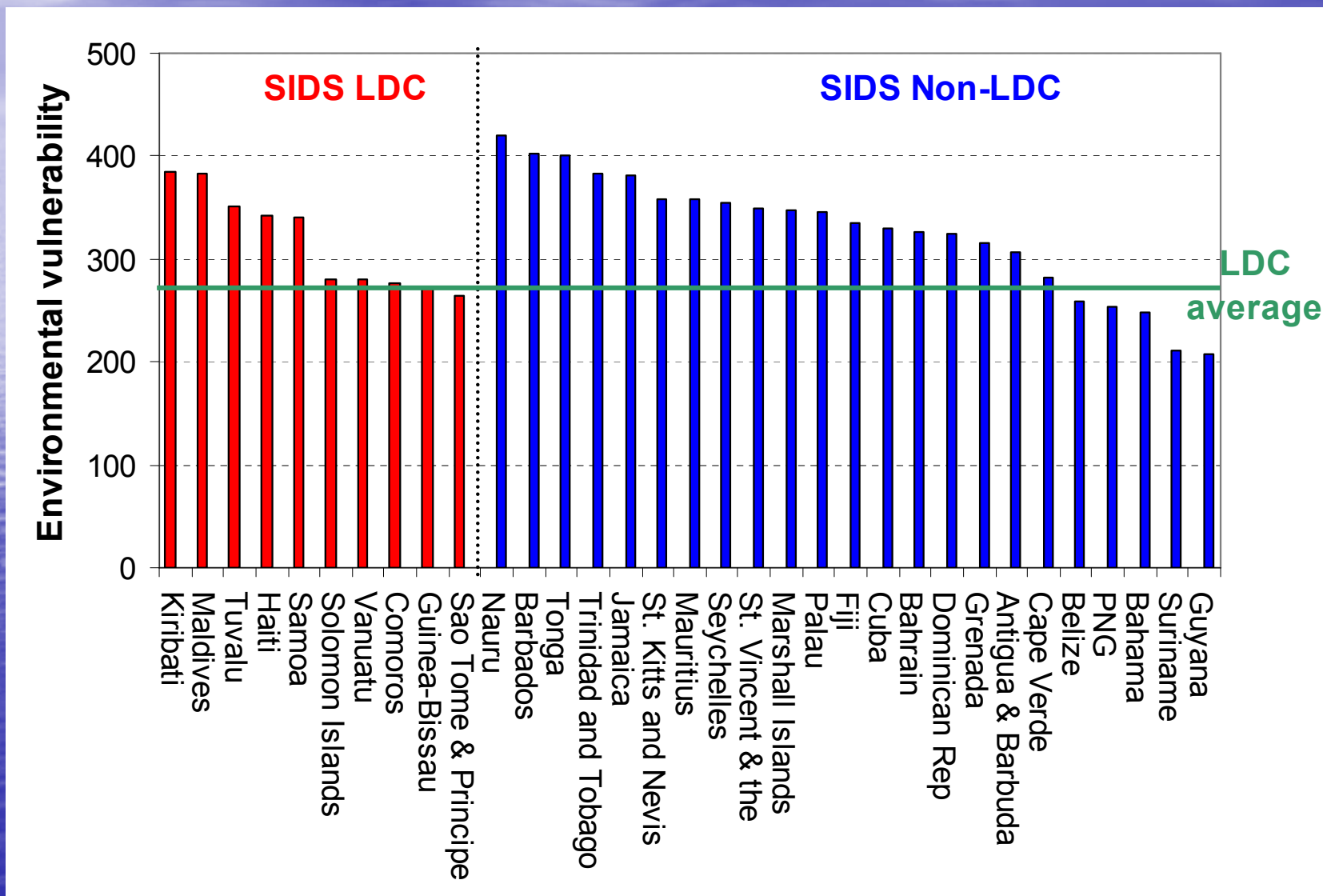


Data source:
ESCAP/UNDP/A
DB (Sept.
2009), based on
data for 24
SIDS world-
wide.

Economic vulnerability of most SIDS higher than LDC average



Environmental vulnerability of most SIDS higher than LDC average



Source: UNEP/SOPAC environmental vulnerability index

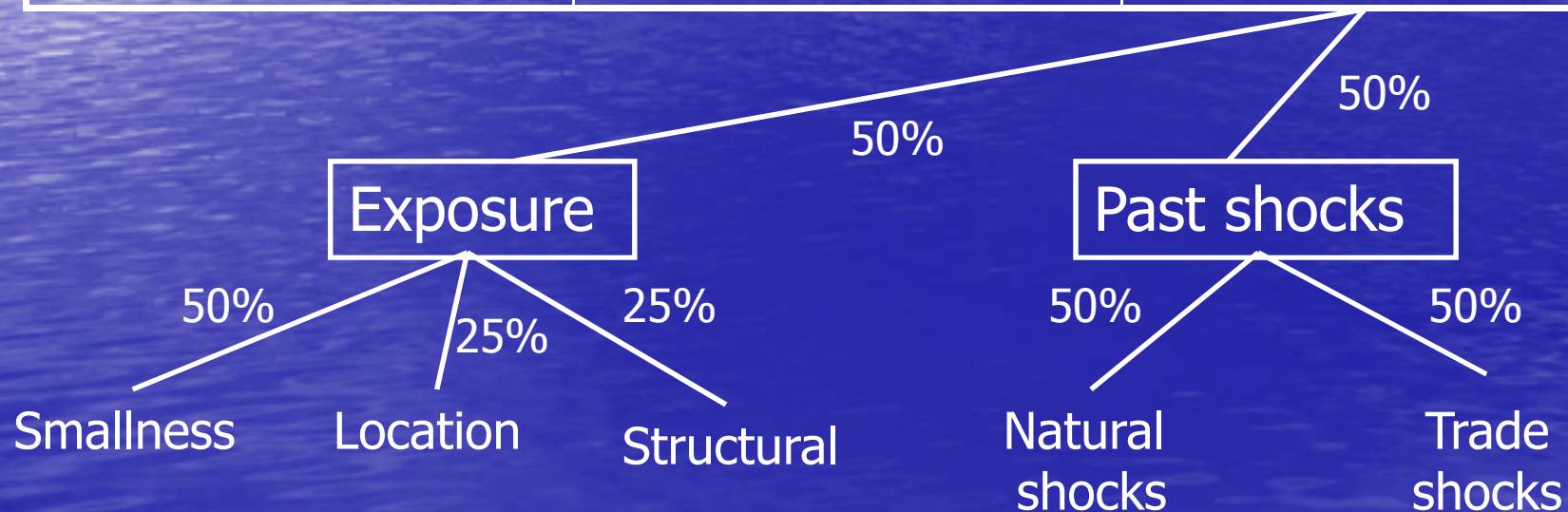
CDP criteria for LDC Graduation

To graduate, need to score beyond threshold in **two of the three** CDP criteria:

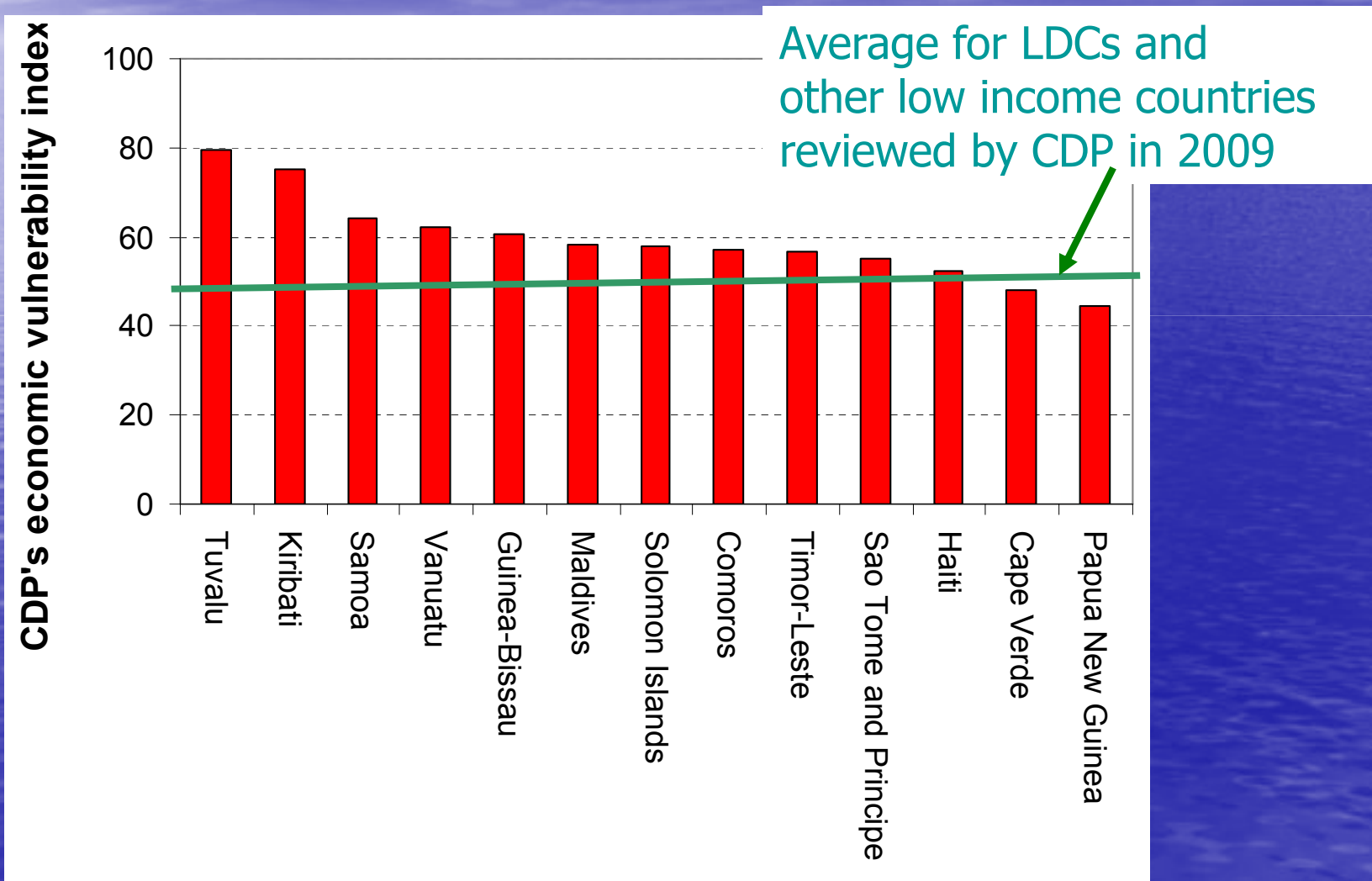
Gross national
income per capita

Human assets
Index

Economic
vulnerability index



CDP's economic vulnerability index in 2007 (2009 review)



The 19 MSI themes address intrinsic vulnerabilities of SIDS

Climate change and sea-level rise	Transport and communications
Natural and environmental disasters	Trade
Management of wastes	Science and technology
Coastal and marine resources	Graduation from LDC status
Freshwater	Tourism
Land resources	Energy
Biodiversity	Health
Sustainable production and consumption	Knowledge and information management
Sustainable capacity development and education	National and regional enabling environments
	Culture

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	

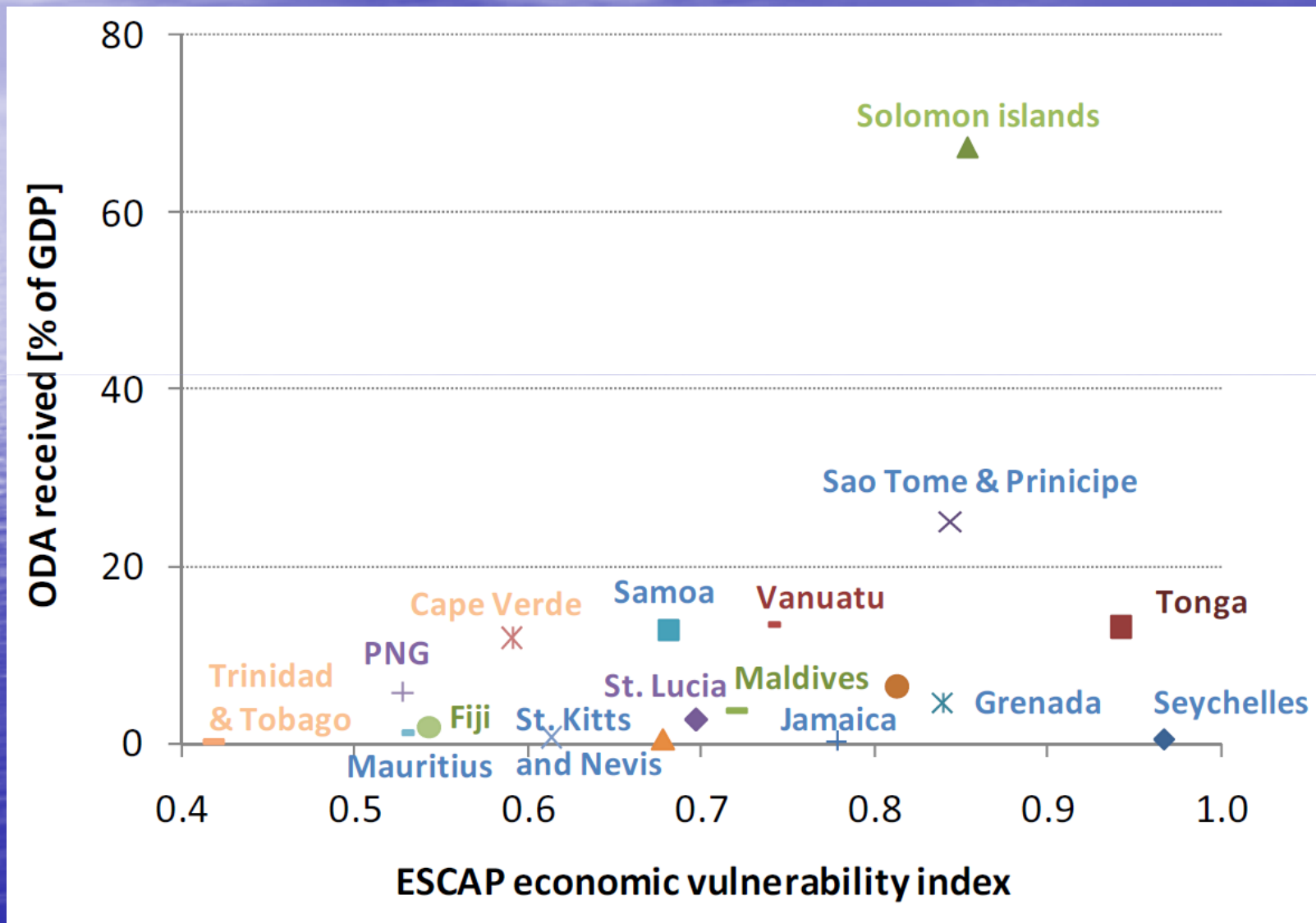
Ongoing vulnerability assessment work by SIDS Unit of DESA-DSD

- 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/