



HIGH-LEVEL POLITICAL FORUM ON SUSTAINABLE DEVELOPMENT

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SMALL ISLAND DEVELOPING STATES: IMPLEMENTING THE OUTCOMES OF THE 4TH SIDS CONFERENCE

Wednesday, 10 July 2023, 3:00 PM – 4:45 PM

A new Programme of Action for SIDS

Background

The Antigua and Barbuda Agenda for SIDS: A Renewed Declaration for Resilient Prosperity (ABAS), is the newly adopted programme of action for small island developing States (SIDS). It outlines concrete actions across 10 thematic areas: economic resilience; climate action and support including finance; biodiversity action; ocean conservation; disaster risk reduction; safe and healthy societies; data; science and digitalization; productive populations; and partnerships.

To meet these ambitions and fulfil its promise of resilient prosperity, the ABAS calls for reforms *inter alia* in three substantive global policy agendas; i) redefining eligibility for development resources, including concessional finance; ii) improving access to climate finance; and iii) creating long-term debt sustainability. While the document also contains other important issues where progress at the national level, as regions and as a collective will undoubtedly yield positive benefits, a focus on the above three areas of reform will be imperative for substantive progress.

In order to drive and derive benefits from reforms in these policy areas, SIDS will also need to build appropriate capacity and strengthen enabling systems at the national level. This paper briefly examines how the UN system can support SIDS in each of the 3 policy areas listed



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in the preceding paragraph, including also through pursuing greater coherence within the system itself, thereby enabling better implementation of ABAS in the short and medium term.

Exploring UN Development System support to SIDS

SIDS must now contemplate implementation of ABAS, within challenging global circumstances. They will need to re-examine existing development models and adopt new ones, while also grappling with climate impacts and other environmental challenges, economic shifts and geopolitical tensions. Implementation of the ABAS should also be seen as instrumental in accelerating implementation of the SDGs by 2030, and so every opportunity to streamline efforts, reduce costs and enhance horizontal policy coherence at national and regional levels should be seized. ABAS will include a monitoring and evaluation framework, which will allow for the tracking and measurement of progress against specified targets.

The UN Development System (UNDS) will be a key partner in supporting SIDS to achieve their ambitions. Specifically in the areas of the global policy reforms called for by the ABAS, the UNDS can support SIDS, including through the necessary working modalities, tools, expertise and resources, and by delivering in a coherent and coordinated manner, to better advocate for their specific needs and strengthen national capacity and systems to both drive and derive benefits from any global policy reforms. In this regard The Resident Coordinators will be key in bringing together the breadth of UN entities' expertise and policy resources and working with UN country teams to better tailor responses to country contexts.

Redefining eligibility for development resources, including concessional finance



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Achievement of resilient prosperity in SIDS, as per the ABAS, requires expeditious action for which adequate financing is key. At this critical juncture, the United Nations process to establish a Multidimensional Vulnerability Index (MVI) gives renewed hope and impetus to both the 2030 Agenda as well as the ABAS, as it offers the international community including lenders, the possibility of re-examining development resources including concessional finance through the lens of vulnerability. The UN Development System can play a leading role in improving understanding and global buy-in to the MVI through demonstrating its uses in different development contexts and for different purposes. This would show that the MVI is relevant not only for access to greater shares of finance, but also for policy and programme development.

As the MVI measures a country's structural vulnerability and lack of structural resilience, it offers a valuable backdrop for designing the UN's five-year Sustainable Development Cooperation Framework (UNSDCF) and for doing common country analysis (CCAs) and country implementation plans (CIPs). Given the exogenous nature of the variables captured in the MVI, the index can allow the UN Country Team (UNCT) to distinguish between sources of losses that could be controlled by policy, budget and law and those which cannot. The Vulnerability and Resilience Country Profiles (VRCPs), which is a part of the MVI, if used as part of national development planning, VNRs and Integrated National Financing Frameworks (INFFs) could better assess the impact of development finance for resilience building and enable a more thorough analysis of the country's development trajectory, thereby aiding the UN in determining its contribution to strengthening the country's resilience.



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Improving access to climate finance

The climate finance landscape is becoming increasingly complex, leaving climate vulnerable countries struggling to access funding at scale. Lack of sectoral and costing data as well as project preparation capacity (e.g. feasibility assessments) have hindered access to climate finance in many SIDS. Aside from limited capacities in SIDS to prepare appropriate projects, the lack of robust data collection systems and infrastructure, limited historical data, and weak monitoring systems lead to information gaps relating to the impacts of climate hazards and disasters. This makes it difficult to accurately quantify losses and damages over time and impedes the flow of climate finance to critical needs.

The data demands for accessing climate finance are expensive for SIDS and often excessive, but having better and more coherent data is important not only for accessing climate finance but also for development planning in general. Efforts to support countries to strengthen national statistical systems and associated capacity needs to be prioritized by the UN system. In this regard, strong buy-in and support by the UN system for a shared data hub as part of the newly launched SIDS Centre of Excellence will be important to help increase data accessibility in these countries.

The integration of climate and development strategies and their alignment with national budgets, including comprehensive (INFFs), remain a work in progress in many SIDS. Climate finance will not be effectively deployed unless this is urgently prioritized. The UNDS can play a key role in marshalling tailored UNCT support and leveraging resources of diverse partners to support national efforts to overcome these challenges, while at the same time delivering the commitments agreed in the UN Sustainable Development Cooperation Frameworks.



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Long-term debt sustainability

Debt relief could be a greater developmental boon than any other source of financing. Not all SIDS carry high debt burdens, but they have, on average, higher ratios of external debt to Gross National Income than other developing countries—57 per cent compared to 47 per cent in 2015,¹ and many were experiencing high levels of debt distress even before the COVID-19 pandemic.² As such, national policies will need to be geared towards facilitating greater fiscal space as a matter of urgent priority.

To advance the case for expanded debt relief, SIDS will need to demonstrate investments that are ambitious and that can generate payoffs that are self-sustaining. A move into new, high-profit service sectors, which in turn will require new skills and technology transfer, will also be key. SIDS' capacity to absorb funds will also need strengthening, so support and finance to digitalize governance functions is also important. The UN system can support SIDS with building the appropriate capacity, policies legislative and institutional improvement necessary to better argue the case for expanded debt relief.

Conclusion

The UNDS will be pivotal in supporting the development of coherent and coordinated national development strategies, rallying development partners for greater impact, advancing policy shifts, forging partnerships, building pipelines of initiatives that can be taken to scale, and building national and subnational capacities. At the national level, Resident Coordinators will need to continue leveraging UN expertise to deliver integrated policy advice and to effectively

¹ OECD, 2018.

² Bouhia and Wilkinson, 2021.



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engage with senior levels of Government and development partners to enable policymaking aligned to Member States' needs.

Access to pooled funding and financing will be key for the development of appropriate solutions that enable SIDS to advocate for—and take advantage of—global policy shifts. However, capitalization of pooled funds at country level remains low, and the Joint SDG Fund remains well short of the annual Funding Compact target of \$290 million.

Strengthening synergies across the UN's work, to ensure that efforts by different entities can better address root causes of vulnerabilities in SIDS while minimizing duplication and delivering in a more agile, efficient and effective manner will go a long way toward supporting SIDS to successfully implement the ABAS.

Proposed questions for discussion

- How can the UN Development System and other relevant actors best support implementation of the ABAS?
- How will the UNDS entities with no physical presence contribute to the work of UN country teams in support of ABAS implementation?
- How can the UNDS leverage support to Member States in achieving sustainable financing for development aligned with their national priorities to drive ABAS implementation?
- How can collaboration between International Financial Institutions, the UNDS, and Member States respectively be improved to scale-up investments for national sustainable development priorities? What more can each actor do in their respective capacities to this end?