

CDP Side Event
Identifying and Addressing the vulnerabilities of SIDS:
additional measures needed?
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Effectively addressing the vulnerabilities and development needs of SIDS

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Outline

1. SIDS vulnerabilities and needs
2. Reducing external shocks
3. Addressing vulnerabilities at the national level
4. External financing after shocks
5. Addressing SIDS heterogeneity
6. Global monitoring

SIDS vulnerabilities and development needs

- Long recognized by the international community, but challenges are rising
 - Threats associated with **climate change** increasing
 - Strong impact of **2008/09 crisis** on many SIDS
 - **Structural** nature of vulnerability
 - Partly **ineffective responses** (national and international)

SIDS vulnerabilities and development needs

- Underlying factors well known
 - Smallness
 - Isolation and fragmentation
 - Narrow resource and export base
 - High exposure to environmental and natural shocks
 - Including climate change and natural disaster
 - Exposure to external economic shocks
- Particularity and uniqueness
 - Share of population affected
 - Existential risk from sea level rise for some SIDS

Reducing external shocks

- Most economic and environmental shocks are **external to SIDS**, but **endogenous from global perspective**
- **Reducing** frequency and intensity of shocks is **indispensable** for addressing SIDS vulnerabilities

Reducing external shocks

- **Climate change**

- Current commitments expected to 3° C increase, but even 2 may be too high for SIDS
- Ocean acidification
 - Adaptation is crucial, but not sufficient
 - Mitigation remains important

Reducing external shocks

- **Global overfishing**

- Many SIDS dependent on fisheries for food security, employment, tourism
- Domestic sustainable resource management important
- International overcapacity in fishery sector
- Illegal, unreported and unregulated fishing
- Unsustainable fishing practices

Reducing external shocks

- **Global economic and financial shocks**
 - High exposure of many SIDS to **global demand shocks**
 - High regional concentration of exports
 - Regulation of financial markets (national and international)
 - Coordination of counter-cyclical macroeconomic policy

Reducing external shocks

- Global economic and financial shocks (cont'd)
 - High exposure to global supply shocks, in particular food and oil
 - Volatility and affordability of international food markets
 - Volatility of energy markets

Addressing vulnerability at the national level

- Sustainable resource management
- Disaster risk reduction
- Climate change adaptation
 - Programmes and support exists, sometimes pilot stage
 - Scaling-up and refinements required
 - Integration into national (sustainable) development strategies important

Addressing vulnerability at the national level

- **Joint provision of public goods**
 - Many examples exist
- **Export diversification**
 - Scope limited, but small steps could be significant
- **Expand domestic production**
 - Often scope for food production
 - Renewable energy key area, requires support

External financial resources

- Whereas exposure and global shocks can be reduced and resilience be increased, SIDS vulnerability will persist.
- Mechanisms needed to provide resources after shocks
- Additional to need for long-term development financing

External financial resources

- Insurance, e.g. disaster insurance
 - Exists, limited scope
- Official compensatory financing
 - Quasi-automatic facilities?
- Contingent bonds
 - Flexible repayment and interest terms depending on needs
 - Commodity-priced index bonds (for exporters and importers)
 - Currently, high debt levels and frequent restructuring in some SIDS

Heterogeneity

- SIDS are on average more vulnerable than other developing countries.
 - Exposure relatively higher than impacts?
- Averages mask differences
 - Main areas of vulnerability differ across SIDS
 - Some SIDS are less vulnerable than others
 - Some non-SIDS are also very vulnerable

Heterogeneity

- Similarity in vulnerabilities largest within Caribbean and within Pacific
 - SIDS in other regions more diverse
 - Some island LDCs quite distinct from other SIDS
 - Still, substantial heterogeneity within Caribbean and the Pacific
 - Similarities between some SIDS across regions

Heterogeneity

- **Implications of heterogeneity**
 - Differentiated approach to international support to SIDS may be more effective
 - Potential trade-offs between simple rules and targeted support
 - Data issues important
 - Differentiated approach may weaken impacts of binary nature of country classifications

Global monitoring

- **Robust global monitoring framework important**
 - Strengthens accountability
 - Facilitate exchange of experiences
 - Feedback to policy-making is important (both nationally and internationally)
- Based on existing national and regional monitoring frameworks
 - Sustainable development indicators
 - Vulnerability profiles
 - MDG monitoring
 - Avoids duplication
 - Reduces comparability

Global monitoring

- Capacity building important
- Data availability (national and international) still an issue
 - Resources needed
 - Joint provision
- Could cover **implementation on agreed actions** as well as overall **progress towards sustainable development in SIDS**
- Facilitates integrated evaluation of policy response
- **2014 SIDS Conference opportunity to agree on basic framework**

Thank You

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<http://www.un.org/esa/sustdev/index.html>