

**Side Event on
“Small Island Developing States (SIDS) and Financing for Development”**

15 April 2015, 13:15 – 14:30

United Nations Headquarters, New York (Conference Room B)

Co-Organizers: UN-DESA and UNDP

Background

The financing for development challenges experienced by Small Island Developing States (SIDS) have been reaffirmed by the outcome of the Third International Conference on SIDS held in Samoa (September 2014) and the recent Commonwealth Conference on Finance for Development in Small States (March 2015).

Key issues raised by SIDS include:

- debt sustainability;
- consideration for reform of eligibility criteria for access to concessional finance and the role of vulnerability profiling in this regard;
- expanding capacity to access and implement climate change finance; and
- new and innovative sources of development finance.

Many SIDS have limited domestic resource mobilization capacities due to small size, reliance on one or two key exports and populations thinly spread over wide areas. When it comes to external finance, many SIDS – especially in the Caribbean and AIMS regions – receive little development aid and do not have access to cheap finance from multilateral lenders due to their classification as middle-income countries. SIDS are disproportionately exposed to the effects of climate change and there are some new sources of climate finance now available. However application processes can be complex and most climate-related finance is spent on mitigation (63%) rather than adaptation. South-South Cooperation has expanded but financing gaps remain high. Many SIDS have, as a result, relied heavily on private finance from domestic and international capital markets but these sources of finance can be more expensive, short-term and volatile. Debt ratios in many SIDS are high – and increasing – while vulnerability to external shocks such as extreme weather events can lead to high relief and reconstruction costs, further exacerbating fragile debt positions.

These challenges were illustrated tragically once more last month as Vanuatu and other South Pacific SIDS were impacted by Cyclone Pam. “Our development has been wiped out,” said Vanuatu’s President, Baldwin Lonsdale. Last month’s UN Conference on Disaster Risk Reduction in Sendai, Japan underscored the need to ensure that development strategies are risk-informed. This is particularly important for SIDS. Looking forward, and as the Post-2015 development agenda emerges, how can the July 2015 Finance for Development Conference in Addis Ababa build on the recommendations made in Samoa, Sendai, and other forums, to improve our collective response to SIDS’ financing for sustainable development challenges? These are the questions this side event will seek to answer.

DRAFT PROGRAM

I. Introductory Remarks

- David O'Connor, Chief of the Policy and Analysis Branch of the Division for Sustainable Development, UNDESA

II. Perspectives from SIDS on Addressing their needs in the FfD and Post-2015 development agenda

- H.E. Ahmed Sareer, Permanent Representative of the Republic of Maldives to the United Nations, and Chair of the Alliance of Small Island States (AOSIS) (*TBC*) – The experience of graduation from LDC status and the impact of natural hazards
- H.E. George Wilfred Talbot, Permanent Representative of Guyana to the United Nations (*TBC*) – A Caribbean (and Co-Chair's) perspective on FfD needs of SIDS
- H.E. Mahe'uli'uli Sandhurst Tupouniua, Permanent Representative of the Kingdom of Tonga to the United Nations (*TBC*) – National strategies for enhancing access to climate change finance

Moderated Discussion by UNDP, Gail Hurley, Development Finance Specialist, UNDP