



EXECUTIVE SUMMARY

Virtual Meetings of National Focal Points (NFPs) of Small Island Developing States (SIDS)

“Enhancing coherence - A focus on the COVID-19 response”

- During the meetings, it was noted that the unique **vulnerabilities found within SIDS have been magnified** due to COVID-19. SIDS across all three regional groups will have severe economic contractions. The AIS, Caribbean, and Pacific regions each will experience GDP reductions at levels of 4.7%, 9%, and 2.7% respectively. These reductions can largely be attributed to the collapse of the tourism sector, which is a key component of many SIDS economies. World-wide border closures have hindered international trade, which is also vital to the small open economies of SIDS. Reduced global demand for primary commodities and domestic economic activities are also contributing factors that will play a role in the decreased levels of GDP throughout the SIDS. Due to their remoteness and the disruption of global supply chains, the acquisition of PPE and other medical supplies has become very difficult along with issues of food insecurity. SIDS are predominantly net importers of food, which has left many countries to develop their own agricultural sectors.
- Participants at the meetings highlighted the **swift health responses** undertaken by SIDS. Initially the governments closed their borders and prevented airlines and foreigners from hot spot areas entering the country, despite the high economic costs that came along with it. SIDS also provided their health care systems with necessary resources to fight COVID-19. Funds were provided for more staffing, preparedness and prevention, contact tracing, quarantine facilities, and essential treatment infrastructure. In some cases, alternative health systems were created to manage the pandemic separately from the mainstream healthcare system. By working with bilateral and multilateral partners SIDS were able to secure key medical supplies and equipment. Governments also implemented public safety rules that limited social gatherings, closed non-essential businesses and houses of worship, and issued stay at home orders to prevent the spread of the virus. Educating the public on the virus was also a priority. National acts were passed to manage not only COVID-19, but outbreaks and diseases in the future as well.
- During the meetings, concern was expressed about the **availability and access to PPE, medical equipment, and potential vaccines** for SIDS. Despite a swift initial response to the pandemic that led to a limited number of cases, many SIDS still struggle for access to these materials. SIDS feel as though they are being penalized for their successes, even though greater access is provided to the larger countries who have not had similar success in containing COVID-19. In this context,

it was suggested that national supply purchases could be substituted for regional purchases to make the venture more appealing to PPE and medical equipment suppliers. It was also noted that disrupted global supply chains would impact the availability of a potential vaccine for SIDS.

- The need to use the health crisis as an **opportunity to build back better** was a common theme across the meetings. Meetings emphasized the need for SIDS to recover and develop cleaner, greener, and more resilient societies. It was noted that plans initiated in response to the pandemic should not only focus on the immediate response to the public health crisis but should also include medium-term responses, so that recovery efforts enable SIDS to emerge stronger than they were pre-crisis. The need to integrate the SDGs, the SAMOA Pathway, and 2030 Agenda in the national recovery plan was highlighted by many of the speakers as a way to not only build back better, but to preserve the development progress that has been made in SIDS in recent decades as well. The crisis would also provide the opportunity for SIDS to diversify their narrow-based economies and move away from the reliance on fossil fuels. It was also noted that the crisis would allow for the advancement of new sectors such as renewable energy, digital infrastructure, and the greater prioritization of investment in green and blue economies.
- Meetings noted that governments have effectively responded to the pandemic, but their responses have led to **limited fiscal space**. Countries have enacted massive stimulus packages costing billions of dollars to alleviate the impacts of COVID-19 and have had to increase spending in the process. While the crisis spending is necessary, it is taking place in the context of limited revenue streams as domestic and international economic activities have dramatically decreased. This had led to governments having to reallocate limited financial resources and forced some to choose between the pandemic response and sustainable development. Some SIDS governments have looked to IFIs and the private sector for loans to cover fiscal spending, despite high levels of debt distress. There were calls for greater access to fiscal liquidity to stabilize response initiatives. Monetary policy has also played a role in the response as central banks have lowered interest rates and provided vital liquidity to the financial sector.
- Participants across the meetings expressed their concern about the compounding situation COVID-19 will have on the **debt sustainability of SIDS**. COVID-19 responses have led to government deficits and more borrowing to cover fiscal gaps. SIDS had high levels of debt pre-crisis, and the combination of the pandemic and a high frequency of natural disasters make their debt burdens difficult to escape. The high levels of debt also make it difficult for SIDS to gain access to much needed concessional financing. Participants from across the meetings suggested various initiatives to address the problem. It was suggested that there be greater engagement with private creditors, as they hold a considerable amount of the portion of debt owed by SIDS. Also, the utilization of debt swaps was mentioned to reduce the debt burden but also improve climate change and health resiliency. Others advocated for the outright cancellation of the debts owed by SIDS.
- Participants across the meetings underlined concerns about the **lack of access to financing**. This has been an ongoing problem for SIDS for decades. The graduation from low to middle-income status has greatly reduced the amount of development financing in the form of ODA and

concessional financing. Participants also pointed out the inherent flaws in the international financial systems that prevent SIDS from accessing the funds needed to mitigate the impacts of the pandemic. FDI has also decreased throughout these countries, which has compounded the issue. The call for the creation of a multi-dimensional vulnerability index was echoed across all the meetings. The index would be based on the unique vulnerabilities in countries, and not simply GDP per capita income measures. It would recognize the needs and vulnerabilities of SIDS, and give these countries the access to necessary finance for further sustainable development.

- In the context of stimulus packages and socioeconomic responses to mitigate the impacts from the virus it was noted that governments have opted for **multi-sectoral holistic approaches** to ensure that all groups within society have their needs met. Many countries have expanded their social protection services to ensure that citizens have access to basic services and to ensure that the most vulnerable groups in society such as women, youth, the elderly, and people with disabilities are not left behind. Social protection measures were also put in place to decrease the impact of reduced economic activity and business closures. Policies that included loan deferments and wage subsidies to workers who have been laid off or had their hours reduced. Governments also provided much needed liquidity to the informal sector and micro, small, and medium-sized businesses, along with viral economic sectors, tourism for example, that have been hit directly by the impact of COVID-19. These stimulus plans provide the relief and hope for a better future that businesses and household need. The packages also include a focus on the development of online platforms so that education systems may continue.
- Participants also highlighted the need for **partnerships for SIDS** to address the crisis. It was noted that SIDS governments do not have the capacity to address the impacts of COVID-19 on their own and must form genuine and durable partnerships with the relevant stakeholders. Partnerships have played a key role in the mobilization of health resources and providing aid to businesses during this period of depressed economic activity. Participants also mentioned the opportunity the crisis provides to strengthen existing and develop new partnerships, including in the area of statistics. Participants from across the meetings highlighted the issues surrounding the data collections and analysis capacity of SIDS. The lack of statistical capacity has made it difficult for countries to gauge the full impact of the virus on societies. It was suggested that global and regional partnerships be developed on data analysis and collection of data on the impact of the pandemic and for future statistical analysis for sustainable development.