

**SIDS National Focal Points Meeting, August 4<sup>th</sup>**  
**Intervention from Cabo Verde's Resident Coordinator**

**COVID-19 response: national and regional initiatives**

**I. AIS SIDS COVID-19 Context:**

- **SIDS face an unprecedented challenge with the impact and perspectives for recovery of COVID-19 crisis, that came to overlap and deepen pre-existing vulnerabilities especially as it relates to external shocks.**
- **SIDS structural constraints are known to all - high per-capita cost of services, energy and water shortages, territorial dispersion, limited connectivity and relative isolation, small domestic markets and fiscal basis, weak industrial fabric, limited financing landscape; as well as vulnerabilities to climate change, natural disasters and external economic shocks.**
- **According to UNDESA, SIDS GDP may shrink by 4,7% this year. In both Africa and the SIDS, this impact can be exacerbated by the limited fiscal space available to mitigate it. Among the 7 countries most highly dependent on tourism in Africa, SIDS AIS represents 5, and are the 4<sup>th</sup> first ranked (Sao Tome, Cabo Verde, Comoros, Seychelles), with tourism accounting for around a quarter of their GDP. Same for Maldives.**
- **In these countries, tourism is expected to drop by 60% or more, both in demand and revenue generated. In Maldives and Cabo Verde, 11,000 people are expected to lose their jobs or income by the end of the year in the tourism sector only. Beyond tourism, SIDS AIS are highly dependent on global value chains, and the disruption of these are a major transmission channel for the socioeconomic crisis in our countries. For instance, in terms of trade intensity with Europe, China and the US, Seychelles and Cabo Verde are in the Top 10 in Africa, Sao Tome and Mauritius in the Top 20. Growth in most SIDS AIS was also driven by vigorous Foreign Direct Investment, which, being highly concentrated on tourism in most of our countries, will shrink this year and probably next.**

- Finally, remittances, **accounting for around 10% of the GDP in Comoros, Guinea Bissau or Cabo Verde, for instance, are expected to drop by 23,1% in Africa**, according to the last World Bank Global prospect.
- **Cabo Verde was among the 46 countries that have adopted socio-economic measures since the beginning of the crisis on health, social protection, employment and food security, to protect jobs, businesses and household income.** The macroeconomic stimulus package includes **temporary tax exemptions** (VAT moratorium and corporate / corporate taxes), **payments of all State debts and prioritization of VAT withholding**, creation of **4 credit and guarantee lines** to ensure liquidity for large companies and MSMEs to bridge the gap). Further, **employment retention measures** were immediately taken as well as a set of measures for **scaling up social protection**, including the establishment of a solidarity Income, food assistance and expanding the cadre of local social teams to ensure home care services for elderly people who live in isolation, as well as ill persons and people with disabilities. An **Educational Recovery Plan** was formulated and different measures were established to ensure the continuity of the academic year
- Under government leadership, shortly after the crisis' outbreak, the UN established a **Response and Recovery Coordination Platform**. Within this platform, and as in other countries here represented, a **Socio-Economic Impact Assessment** was developed against the UN Framework for Socio Economic Recovery together with the EU, WB and AfDB, and with participation of different donors (EU, Luxembourg, Portugal and Spain).
- While the preliminary assessment has been concluded the UN committed to do a longer term Post Crisis Needs Assessment to be able to include multidimensional data and provide constant update of the impact of the crisis across the countries nine islands to inform decision making in the coming months and underpin the country Ambition 2030.
- At the same time, the UNS is strengthening capacities of the **National Planning and Monitoring System to enhance quantity and quality of data collection and analysis**. UNECA has started to support the process through a **regional initiative called Global Partnership for Sustainable Development Data**, engaging a consortium of private sector companies, academia, think tanks to support the **National Statistics Office with a COVID-19 Data Hub**.

- Like many partners, the UN in Cabo Verde reprogrammed all eligible funds of its One UN Joint Annual Work Plan in order to be able to quickly disburse approximately USD 8 million for crisis response through financial transfers to the Government's priority measures.
- **Further, a National/UN Response and Recovery Plan is being finalized together with the Government, the World Bank and the international partners.** It links immediate response, medium term recovery and longer-term, SDGs-aligned priorities, with a Build Back Better perspective against the UN socio-economic framework.
- Other SIDS in this region, ie, Mauritius, Seychelles, Comoros have done their UN response plan but **unlike other regions, ie, the Pacif and Caribbean AIS doesn't have a regional COVID-19 assessment or response plan**, something that I would like to propose that we could discuss in this meeting.

## II. Emerging priorities

Given the impact of COVID-19 on SIDS AIS, and the limited policy and fiscal space for the response and recovery, our countries **face common emerging priorities, overlapping pre-existing vulnerabilities and sometimes competing with priorities linked to climate change and the SDGs.**

I see **seven main areas** of emerging priority for our SIDS in the region:

- **Data, Innovation:** Reinforcing NSOs and National Planning Systems to enable them to directly collect and analyze, but also coordinate the collection and analysis from all relevant public and private players, including University, of quality data needed to inform difficult decisions to be made by national Governments in the coming month to prioritize public investment in a context of shrinking fiscal space. Innovation will help optimize public and private investments' efficiency and unleash new solutions.
- **Financing recovery and SDGs:** Enhancing SIDS' access to Climate finance, vulnerability finance, blue/green bonds, negotiating debt, building enabling environments for FDI, and lowering the cost of remittances
- **Gender and Youth:** Addressing gender socioeconomic inequalities, sexual and reproductive rights and maternal health, and youth unemployment

- **Social protection and food security:** Strengthening social protection and local food systems, applying a human right approach to social protection and food assistance policies to leave no one behind
- **Economic diversification:** Through Local Economic Development, Social and Solidarity Economy, Circular economy, Blue Economy, and Innovation and Digitalization
- **Regional integration:** Reinforcing joint advocacy, peer-2-peer learning, and developing ideas to reinforce regional value chains and trade with the nearest SIDS
- **Human and Institutional capital:** Through capacity building as a transversal issue to all the above, data, innovation, access to finance, policy making for gender and youth, etc.

### III. Opportunities and Potential support from regional platforms

- Global, regional and national crises like the one the world is facing now are a **wakeup call to the underlying vulnerabilities that often-enabled risks to materialize in small island development states**. Without being adequately integrated in regional platforms or mechanisms it becomes harder for our voice to be heard when the world is faced with a crisis of this dimension.
- The AIS region is very diverse and geographically dispersed but it is very important to **find a way to foster more regional approaches so that our claims and aspirations could then find its leverage as a block to the global discourse**. Ideally, we should be able to have a political and programmatic strategy to be part of a regional platform, with the support of ECA and possibly a group of friends of the AIS region.
- The current pandemic and the grave socio-economic impact that is likely to last for the coming two years, can be an opportunity for the setting of a **regional platform to assist in supporting countries in their response and recovery processes**, within a Build Back Better perspective, particularly in **the following five areas**, if we want to take the best of the mentioned emerging priorities:

1. **Tailored capacity building to enable SIDS to develop focused strategies for COVID-19 response and recovery and SDG financing**, including through the Integrated National Financing Framework and better data collection and analysis
2. **Joint advocacy for debt relief or restructuring and mobilizing of innovative finance**
3. Finding innovative solutions to **mitigate market size constraints to private investment and creating an enabling environment for economic diversification** based on our strengths as SIDS in this region
4. Support with a global/regional **disaster risk reduction/resilience facility**, including through the production of indicators and regional lessons on access to climate finance
5. Contributing to the **construction and joint advocacy of the Multidimensional Vulnerability Index**, for the International Financial Institutions and the donors and global funds to review their criteria for donations and concessional financing, currently based on GDP per capita. **This is a critical issue for us and can unleash a huge potential for improving sustainable development and financing in the SIDS.**

To get to this stage we don't have much time - we need more structured interaction between us, anchored on a regional partner to help us promote information sharing, joint thinking on financing, peer to peer learning, the basis for a regional approach. We also need joint leadership and "member states friends" that can contribute to a stronger voice for SIDS AIS within the broader SIDS networks and, through it, within the global development community.