



Brussels Policy Briefing no.27

ACP Small island economies: from vulnerabilities to opportunities

Brussels, 4th April 2012, European Commission, Borschette Building, Room AB-0A

<http://brusselsbriefings.net>

1. Background

The United Nations currently classifies 52 countries and territories as **Small Island Developing States (SIDS)**¹. It is a diverse group with more than 50 million people, 43 of them located in the Caribbean and the Pacific regions. The group includes relatively rich countries but also some of the poorest countries in the world. SIDS were recognized as a distinct group of developing countries facing specific social, economic and environmental vulnerabilities at the United Nations Conference on Environment and Development (UNCED) held in Rio de Janeiro, Brazil in 1992. The UN has been supporting the SIDS in their sustainable development efforts through the Programme of Action for the Sustainable Development of SIDS finalized at the Global Conference held in Barbados in 1994, known also as the Barbados Programme of Action (BPOA). This programme was reviewed in Mauritius in 2005 and the Mauritius Strategy for Implementation of the Programme recognizes the seriousness of the disadvantages most SIDS suffer from in the global economy.

2. SIDS face many vulnerabilities

Although small island nations across the African, Caribbean and Pacific regions have significant differences in terms of size, population, social and economic conditions, infrastructure, standard of living, there are many disadvantages that derive from small size such as a narrow range of resources, excessive dependence on international trade, high transport and communication costs, high population density. Due to their small size, isolation and fragility of island ecosystems, their renowned biological diversity is among the most threatened in the world. Natural disasters are of special concern to small islands because of their dependence on agriculture and tourism which are particularly vulnerable to natural and environmental disasters.

Vulnerability to external shocks

As demonstrated by much research work, all SIDS are more vulnerable to economic shocks and natural hazards than other countries or regions. Most of them specialize in a narrow range of products and have a limited domestic market. Several are single commodity exporters and rely heavily on export earnings. This external dependence increases their vulnerability to external economic threats and shocks². Since 1985, the World Bank has maintained a "small island exception" in its policy of eligibility for IDA concessionary treatment. External vulnerability is accentuated by the fact that for most households in SIDS, remittances from abroad is a very important source of income which acts as a buffer in the case of local hazards but is affected by recession and global financial crisis.

Vulnerability to climate change

SIDS are particularly vulnerable to global climate change, climate variability and sea level rise. As their population, agricultural land and infrastructure tend to be concentrated in the coastal zone, any rise in sea level has significant effects on their economies and living conditions. The increased frequency and intensity of the storm events that may result from climate change will also have effects on both the economies and the environments of SIDS.³ To be sustainable and efficient in the context of the SIDS, climate change adaptation and mitigation require enormous financial resources, technology transfer and effective national, regional and global policy and governance frameworks.

The dependence of SIDS on coastal and marine resources emphasizes the need for an ecologically and economically sustainable use. Fisheries are the most significant resource that Pacific Island countries

¹ List of small-island developing states: <http://www.un.org/special-rep/ohrls/sid/list.htm>

² International Meeting to Review the Implementation of the Programme of Action for the Sustainable Development of Small Island Developing States, January 2005. http://www.unctad.org/en/docs/aconf207d7a2_en.pdf

³ Barbados Plan of Action: <http://www.unohrls.org/UserFiles/File/SIDS%20documents/Barbados.pdf>

have for food security, livelihoods and economic growth.⁴ In the Caribbean, fish provide a vital resource for poor communities in terms of food security, employment and income. A combination of increasing temperatures and sea-level rise will result in changes to coastal circulation patterns, thereby affecting nutrient supply, lagoon flushing, coastal erosion and possibly ocean acidity and coral bleaching⁵, resulting in a large gap in the fish needed for food security.⁶

Dependency on Tourism

The tourism sector is the key economic sector for SIDS in terms of earnings and employment. Tourism has strong links with other sectors such as agriculture, environmental services financial services, ICTs.... However, if not properly planned and managed, tourism can significantly degrade the environment on which it is so dependent, especially the coastal zones. Climate-related changes and environmental degradation may have a significant impact on tourists' destination choices.

Food security is also of concern due to the vulnerability and limited scale of agriculture, already facing uncertain impacts from temperature and precipitation changes. Agriculture has been the mainstay for survival and economic development in many SIDS. Many islands are highly dependent on imported food and agricultural products, and very susceptible to changes in world food prices. Such prices may spike upwards as climate change exacerbates droughts and floods in the world's major agricultural producing regions. There is usually great competition for land resources among tourism, agriculture and other land uses and the various uses should be carefully planned.

From vulnerability to resilience: Policy responses

Good governance is a key element of policy-making and building capacity for economic resilience and is dependent upon the availability of human and social capital.⁷ In order to move from a position of vulnerability and dependence to one of resilience, new areas of economic development need to be explored such as green economy. The development, dissemination and transfer of efficient energy technologies that can assist SIDS in mitigating the effects of climate change should be a priority. Many SIDS have identified the development of sustainable energy systems as a priority but greater investments in research and development are needed to support technical advances and enable rapid progression in renewable energy. The services sector, and in particular tourism, represent a genuine opportunity for SIDS to expand their economic activity while earning foreign currency. Investing in green tourism can reduce costs and enhance the value of ecosystems and cultural heritage. The private sector must be mobilized to support sustainable tourism and financing for investing in greening practices. The international community and development partners should give a particular attention to supporting SIDS to build resilience and develop their economies.

Objectives of the Briefing

To improve information sharing and promote networking, CTA, the DG DEVCO from the European Commission, the ACP Secretariat, Concord organise bimonthly briefings on key issues and challenges for rural development in the context of EU/ACP cooperation. The Briefing on 4th April 2012 will address issues related to vulnerabilities and opportunities for ACP small island economies. It will: (i) raise awareness in ACP countries on the key challenges affecting SIDS; (ii) increase exchange of information and expertise on selected areas affecting SIDS; (iii) facilitate networking amongst development partners.

Target group

Around 100 ACP-EU policy-makers and representatives of EU Member States, civil society groups, research networks and development practitioners, and international organisations based in Brussels.

Available material

Input and comments before, during and after the meetings will be included in the Briefings blog: <http://brusselsbriefings.net>. A short report and a Reader in printed and electronic format will be produced shortly after the meeting.

⁴ Gillet, Robert and Ian Cartwright. 2010. The future of Pacific Island Fisheries. Secretariat of the Pacific Community

⁵ FAO. 2008. Climate Change and Food Security in Pacific Island Countries

⁶ Gillet, Robert. 2009. Fisheries in the Economies of the Pacific Island Countries and Territories. Asian Development Bank

⁷ Read, Robert. 2010. Trade, Economic Vulnerability, Resilience and the Implications of Climate Change in Small Island and Littoral Developing Economies. ICTSD (International Centre for Trade and Sustainable Development) Programme on Competitiveness and Sustainable Development



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8h00-8h30 Registration

8h30-8h45 Objectives of the Briefing and Programme: *Isolina Boto, Head, CTA Brussels Office*
Introductory remarks: *Ambassador Skerritt-Andrew, Chair of the ACP Committee of Ambassadors and ambassador of the Eastern Caribbean States in Brussels; Denis Salord, Head of Unit, Regional Programmes Sub-Saharan Africa and ACP wide, European Commission; Michael Hailu, Director of CTA*

8h45-10h45 Panel 1: Reducing vulnerability and enhancing resilience for SIDS

Small islands face a greater risk of marginalization due to combined adverse consequences of their small size, remoteness from large markets and high economic vulnerability to economic and natural shocks beyond domestic control. This panel will consider policy options to reduce vulnerability and enhance resilience of small islands.

Chair: *H.E. M. Jagdish Dharamchand Koonjul, Ambassador of Mauritius to the EU and Belgium*

Panellists:

- The multifaceted impact of financial, food and climate crisis on small island economies
Cheick Sidi Diarra, Under Secretary General and High Representative for the LDCs, Land Locked Developing Countries and SIDS, United Nations
- *Measuring economic vulnerability of SIDS*
Professor Lino Briguglio, Director, Islands and Small States Institute, University of Malta
- Building resilience for sustainable development in small island economies.
Robert Read, University of Lancaster, United Kingdom
- Addressing the vulnerabilities of SIDS more effectively
Pierre Encontre, Chief Special Programmes, Division for Africa, Least Developed countries and Special Programmes, UNCTAD

10h45-11h00 Coffee break

11h00-13h00 Panel 2: Enhancing Sustainable Development of small islands

This panel will discuss the development of adaptive capacities and community-based strategies to respond to vulnerabilities. It will also discuss some best practices to enhance sustainable development and increase resilience for sustainable production and consumption, especially in the context of Rio+20.

Chair: *H.E. M. Roy Mickey Joy, Ambassador of Vanuatu to the EU and Belgium*

Panellists:

- Rio 2012: Reviewing the Institutional Framework for the Sustainable Development of SIDS
Constance Vigilance, Economic Adviser, Economic Affairs Division, Commonwealth Secretariat
- Agrotourism: renewed opportunities for the Caribbean
Ena Harvey, Agrotourism Specialist and Caribbean Management Coordinator, IICA
- Supporting climate adaptation and increasing resilience in SIDS: experience with the Global Climate Change Alliance (GCCA)
Walter Kennes, Environment and Climate change expert, DG DEVCO, European Commission

Conclusions: *Cheick Sidi Diarra, Under Secretary General and High Representative for the LDCs, Land Locked Developing Countries and SIDS, United Nations, Michael Hailu, Director of CTA*

Networking Lunch