



**United Nations Conference
on Trade and Development**

Distr.: General
28 November 2022

Original: English

Trade and Development Board
Investment, Enterprise and Development Commission
Expert Meeting on Revisiting Development Strategies for
Small Island Developing States in the
Post-Pandemic Competitive Landscape
Geneva, 24 October 2022

**Report of the Expert Meeting on Revisiting Development
Strategies for Small Island Developing States
in the Post-Pandemic Competitive Landscape**

Held at the Palais des Nations, Geneva, on 24 October 2022



Introduction

The Expert Meeting on Revisiting Development Strategies for Small Island Developing States in the Post-Pandemic Competitive Landscape was held at the Palais des Nations in Geneva on 24 October 2022, approved by the Trade and Development Board through a silence procedure conducted between 22 and 28 February 2022 (TD/B/69/4, annex VI).

I. Chair's summary

1. The Expert Meeting on Revisiting Development Strategies for Small Island Developing States in the Post-Pandemic Competitive Landscape explored the topic through a panel discussion. The six panellists were the Secretary-General of the Commonwealth Secretariat; President of the Caribbean Development Bank; Senior Adviser to the Director-General of the International Labour Organization, and former Permanent Representative of the Permanent Mission of Barbados to the United Nations Office at Geneva; Permanent Representative of the Permanent Mission of Mauritius to the United Nations Office at Geneva; Permanent Observer of the Permanent Delegation of the Pacific Islands Forum to the United Nations Office; and Permanent Representative of the Permanent Mission of Singapore to the United Nations Office at Geneva.

Revisiting development strategies for small island developing States in the post-pandemic competitive landscape

(Item 3)

2. The Secretary-General of UNCTAD made an opening statement. Small island developing States required bold policies and renewed support to achieve their sustainable development objectives. Currently, those countries faced a “perfect storm” of crises, including the coronavirus disease (COVID-19) pandemic, price effects from the war in Ukraine, risky levels of public debt and extreme exposure to climate change risks. Without urgent action from policymakers and the international community, small island developing States risked seeing hard-won socioeconomic progress reversed and long-term development aspirations cut short.

3. Several panellists said that the pandemic had laid bare the limitations of current development strategies. Many small island developing States depended on an anchor industry, such as tourism or mining, as the main source of export earnings and formal employment, while agriculture and fisheries remained the main overall source of employment and livelihoods. Prior to the COVID-19 pandemic, those development strategies already offered small island developing States few opportunities to build productive capacities and transform their economies. Faced with the ravages that the current crises had inflicted on revenues, employment and the cost of living, the existing development strategies had often left small island developing States lagging behind in their development objectives.

4. Some panellists and the Director of the UNCTAD Division for Africa, Least Developed Countries and Special Programmes highlighted the need for small island developing States to adopt long-term plans to develop knowledge-based industries, such as financial, legal and backend services; design; data processing; supply chain management; and financial technology. Those industries had the dual advantage of offering technology transfer opportunities, while relying less on economies of scale and geographic proximity to markets, which were two fixed disadvantages for most economies of small island developing States.

5. Some panellists outlined the structural transformation of Mauritius and Singapore. The countries had upgraded their economies over several decades, moving from exporting low-value primary products, to more knowledge- and technology-intensive manufacturing and service industries. Both countries employed a bold and adaptive approach to

policymaking. For example, over decades, the countries had committed to building up and creating a trusted business environment and an education system that produced skilled workers able to thrive in new industries.

6. Some panellists also underlined that small island developing States would always be vulnerable to external shocks, so the approach to planning needed to incorporate that reality. For example, development strategies needed to anticipate the next pandemic or natural disaster, including how fiscal and trade policies would support priority sectors and preserve their competitiveness throughout disruptions.

7. Another panellist highlighted that, more than was the case for bricks-and-mortar industries, entrepreneurship and innovation drove knowledge-based activities. That meant that the Governments of small island developing States should ensure the conditions small businesses needed to thrive. Surveys in Caribbean small island developing States, as well as in developing countries throughout the world, often found that access to finance was the main constraint faced by entrepreneurs. Governments therefore needed to adjust incentives in the banking sector and develop new financial instruments that would yield more reliable access to affordable credit for small businesses. As connectivity was a prerequisite in knowledge-based industries, Governments should also prioritize investments in information and communications technology infrastructure and implement policies that lowered the cost of information and communications technology services.

8. Some panellists and the UNCTAD division director said that the blue economy represented another opportunity for small island developing States to formulate development strategies adapted to their unique advantages. Many small island developing States had exclusive economic zones that were more than 30 times larger than their land area. Currently, small island developing States used those endowments only for fisheries and tourism. Nevertheless, advances in technology opened possibilities for wider application of the blue economy concept, including activities such as subsea mining of rare earth minerals; bioprospecting of resources for use in pharmaceuticals and cosmetics; mariculture; and renewable energy sources such as solar, wave and wind. To capitalize on those opportunities, Governments of small island developing States should be proactive in conducting surveys, building marine spatial plans and engaging with relevant international bodies and conventions. They should also build the necessary legal and investment frameworks and productive capacities to attract investors and technology holders. The international community should also play its part, advancing relevant agreements and conventions, mobilizing technical and financial support and engaging major stakeholders, especially technology holders.

9. Several panellists said that, whatever strategies small island developing States pursued, the experiences of countries that had succeeded in transforming their economies, such as Mauritius and Singapore, demonstrated that small island developing States could improve the chances of success by stepping up efforts to form partnerships with like-minded nations, both large and small, through trade agreements, regional strategies and information sharing, as well as by coordinating their engagement with the multilateral system.

10. All panellists criticized the lack of access of small island developing States to concessional finance from multilateral institutions, which was only available to low-income countries. The cascading crises over the last two years had ratcheted up demands on government budgets, from massive increases in health expenditures, to support to businesses and households and rising costs for imports of energy, food and inputs. In that context, Governments faced agonizing choices on how to allocate scarce fiscal resources between emergency support to their populations and investments in long-term priorities. Small island developing States without access to concessional finance therefore faced costly terms on any new debt, placing them at increased risk of debt distress.

11. All panellists encouraged a reformulation of the “need” conditions for access to concessional finance, away from a narrow focus on income, to include the extreme levels of vulnerability that characterized many small island developing States. One panellist elaborated that the unique vulnerability of small island developing States to external shocks could be well illustrated. He broke it down into two components: the initial exposure or

susceptibility to shocks, followed by the magnitude of a shock's impact, measured in terms of the average duration and cost of recovery. Most small island developing States had high exposure to shocks, but not materially higher than other developing countries. By contrast, the magnitude of economic impacts from shocks was disproportionately severe in small island developing States, with recovery from natural disasters and economic shocks typically involving months of disruptions and hardship, and costs representing a major portion of annual output.

12. All panellists said that vulnerability indices, such as the economic and environmental vulnerability index maintained by the Committee for Development Policy of the United Nations, the universal vulnerability index of the Commonwealth Secretariat and the new multidimensional vulnerability index for small island developing States being developed by the United Nations, could serve as useful tools in a revised set of conditions for concessional finance.

II. Organizational matters

A. Election of officers

(Agenda item 1)

13. At its opening plenary, on 24 October 2022, the expert meeting elected Mr. Asim Ahmed (Maldives) as its Chair and Ms. Yana Brugier (France) as its Vice-Chair-cum-Rapporteur.

B. Adoption of the agenda and organization of work

(Agenda item 2)

14. Also at its opening plenary, the expert meeting adopted the provisional agenda contained in TD/B/C.II/EM.6/1.

C. Adoption of the report of the meeting

(Agenda item 4)

15. At its closing plenary, the Expert Meeting on Revisiting Development Strategies for Small Island Developing States in the Post-Pandemic Competitive Landscape authorized the Vice-Chair-cum-Rapporteur, under the authority of the Chair, to finalize the report after the conclusion of the meeting.

Annex

Attendance*

1. Representatives of the following States members of the Conference attended the session:

Algeria	Russian Federation
Bahamas	Samoa
Barbados	Seychelles
Burkina Faso	Singapore
Cambodia	Spain
China	Sri Lanka
Comoros	State of Palestine
Dominican Republic	Togo
Germany	Trinidad and Tobago
Haiti	Uganda
Jamaica	United Kingdom of Great Britain and Northern Ireland
Madagascar	Vanuatu
Malta	Zimbabwe
Mauritius	
Morocco	

2. The following intergovernmental organizations were represented at the session:

Caribbean Development Bank
Commonwealth Secretariat
Pacific Islands Forum Secretariat

3. The following United Nations organs, bodies and programmes were represented at the session:

International Labour Organization
International Trade Centre
United Nations Development Programme

* This list contains registered participants. For the list of participants, see TD/B/C.II/EM.6/INF.1.