



Remarks

by

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at

Conference on Financing for Development in Small States

"Unpacking the Financing for Development Framework - What are the Implications for Small States?" [Session 1]

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Excellencies,

Ministers,

Distinguished Delegates,

Ladies and Gentlemen,

Let me begin by thanking the Commonwealth Secretariat for their dedication and for organising this conference on financing for development in small states. The Commonwealth Secretariat's work on small states, many of whom are small islands, and their vulnerabilities also contributed to highlight the special case for SIDS, which was first recognized in Rio's Earth Summit, some 23 years ago.

I am glad to participate in this event, focusing on SIDS and Financing issues and I welcome the opportunity to share some of my perspectives with you today.

In many ways, Barbados occupies a special place as it was here the first SIDS conference, a landmark event, was held. In this context, it is always good to be here.

I thank ambassador George Talbot, co facilitator for FFD for his excellent presentation and articulation of FFD issues from the perspectives of its foundation, process and follow up. I also thank DPR of Maldives and chair of AOSIS for not only playing an important role in injecting their special case in the conversations on FFD, but also making an excellent comments on the need to go forward while fully taking into account the concerns of SIDS and the importance of making FFD a success to contribute to the success of SDGS and climate change negotiations. He rightly mentioned that SIDS, through AOSIS, will continue to remain engaged going forward.

Just a week ago, I attended the Third World Conference on Disaster Risk Reduction in Sendai, Japan where the global community adopted a new international framework for disaster risk reduction – a week where the unfortunate plight of Vanuatu took center stage in highlighting the vulnerability of SIDS.

The outlook prior to Cyclone Pam had been positive with almost a decade of year over year growth based on an increasingly robust tourism and agricultural based industries. While a comprehensive assessment is still to be done to give us a clearer picture, indications are showing that the growth and development of Vanuatu is being set back by as much as a generation.

Indeed, Vanuatu is feeling the pain that many SIDS feel given their vulnerability to both natural disasters and exogenous economic shocks, including those felt not too long ago by Haiti in the 2010 earthquake, Samoa in the wake of the 2011 Tsunami, the Maldives in the 2004 East Asia Tsunami, and Grenada and the Caribbean with the 2004 Hurricane Ivan. It is these vulnerabilities that must be taken into account in the FfD as well as the SDGs processes. After all these vulnerabilities not only push back their development gains, irrespective of their income level, they create intense and immense burden on economy, society and polity. Hence, vulnerability to shocks and financing issues are intimately related with each other.

By September, the international community will have agreed on a set of Sustainable Development Goals for universal application. By the end of December, the future of climate change action will be shaped by means of a new global agreement on climate change action in Paris.

Excellencies,

My office is advocating for the effective integration of all international conferences dedicated to vulnerable countries, be they LDCs, LLDCs or SIDS. The respective outcome documents are important manifestations of their particular challenges. Yet it is important they are fully integrated into global development framework.

Therefore, in the lead up to these ongoing global processes, when we talk about small island states, we must not lose sight of the SAMOA Pathway, which built upon BPOA and MSI. SAMOA Pathway is a comprehensive roadmap for SIDS that charts a SIDS-specific path towards meeting SIDS collective sustainable development aspirations based on genuine and durable part-

nerships. Therefore, the special case of SIDS, partnership and solidarity, together, captures the essence of FFD for SIDS.

It is therefore pleasing to observe that the Addis zero draft also shares, with the SAMOA Pathway, the value that partnership and solidarity brings in our collective efforts to overcome global challenges together.

While SIDS will consider the merits of the draft on its totality, it is important to note that the draft does make reference to SIDS in specific sections and on particular issues in the draft. Indeed, the injection of SIDS specific mentions in the draft reflects, in many instances, SIDS own advocacy efforts in consultations and in written submissions made to the co-facilitators.

To contribute to our discussions this morning, I would like to focus on some of the key issues. They are not exhaustive.

The first, is the acknowledgement of the importance of FfD as it sets the global framework for financing sustainable development. Timing is important, as it comes after SAMOA Pathway and before SDG. We all know that the outcome of Addis will have to be strong, forward looking and inclusive so that it reflects the realities of the entire membership of the international community and their sustainable development aspirations. That is very important. The UN Secretary General has said that we would like to see SDGs and post 2015 development agenda to be universal, transformative, ambitious and that it shall leave no one behind, particularly those that are most vulnerable. FFD will play a very important role in ensuring the success of the post 2015 process. For that, national leadership and ownership is the first key to success for any country. But in a globalized and integrated world, equally important is global partnership. This concept of mutual accountability is very important.

Second, the fact that the zero draft looks towards strengthening support for the implementation of relevant strategies and programmes of action, including, the SAMOA Pathway, is positive. Indeed, going forward, the SAMOA Pathway should continue to be the touchstone for SIDS, in

elaborating their positions further in the zero draft. This will allow the Pathway to be integrally linked with the FfD process, and vice-versa.

Third, it must be acknowledged that there is a resource gap in SIDS that must be bridged for them to attain their sustainable development aspirations. Domestic mobilization will be critical, no doubt about that. Continuous support to enhance strengthening their economic base with value addition, diversification while promoting resilience for an accelerated, inclusive and Sustainable growth will go along way towards generating more domestic resources in SIDS. That means it also requires strong measures and global solidarity to make sustainable use of both their natural capital and acquired capital. We also know that while certain SIDS have a growing private sector, the private sector of many SIDS is either micro, SMEs or in some cases even very limited. As such, mobilizing resources domestically alone remains a continuous challenge. So while the processes on improving tax mechanisms are welcome, ODA including concessional lending remains critically important for countries that have limited capacity to raise public resources domestically or internationally, including SIDS. Indeed, beyond supporting the traditional social sectors, the use of ODA to leverage the growth of productive capacities and structural transformation in SIDS and create employment and jobs, particularly for the women and youth, could be encouraged. As such, the call for ODA commitments to be met at the earliest in the zero draft is spot on. We have to make sure that quantity, quality, concessionality and development effectiveness of ODA is further ensured for SIDS and other smaller states.

Equally important will be how we can work together to promote other sources of financing, such as FDI, remittances and innovative financing for SIDS. The requirements of SIDS and Others are so large in the context of sustainable development, building resilience and poverty eradication that ODA will not be enough for their investment. Given the multi-faceted challenges, not all SIDS have been able to attract FDI to the extent they require. Those that have attracted some also need to ensure that there is a strong value addition, resource generation and reinvestment in SIDS. Therefore, mechanisms to ensure easier accessibility to a larger pools of resources, market development and de-risking mechanisms need to be promoted. Support for promoting blended finance and PPP should help contribute to the sustainable development of SIDS, without excessively adding the burden on their economic and social development challenges. Remittances are major source of external finance for SIDS, even though they are private transfers, it is important

to further explore how we can make them safer, stable and contributory to sustainable development aspirations.

Third, trade can play a very important role in economic growth and poverty eradication. Therefore more support to build and expand trade capacity and trade related infrastructure, better access to markets and easier and sustained access to trade finance will be crucial to widen the base of economy and diversify their activities in view of their negligible share in international trade. The smallness of the markets in SIDS and the distance from the major markets necessitates more and dedicated support to promote their export capacity and potential with behind the border, at the border, and beyond the border measures.

Fourth, we all know about the transformative power of affordable, accessible, and renewable energy and the need for huge investment in their development. SIDS have taken the lead in many of the sustainable energy initiatives, and are already championing the idea to transition from brown to green renewable energy. It makes a very compelling case from all perspectives. The Barbados Declaration on this prior to the Rio+20 conference is a testament of the serious intentions that SIDS have on this issue. SIDS grown mechanisms like SIDS-DOCK may need to be further strengthened to reach their full potential. These and many other new infrastructural development, as well as reinforcing their resilience from disasters in the post-2015 world to meet sustainable development aspirations is our common priority. Perhaps a proper reflection on how best to generate resources for these huge investment, get access to new technology and enhance their resilience will be of great value to SIDS, coming out of Addis Ababa.

Fifth, the Addis zero draft recognizes that many countries remain vulnerable to debt crises and some are in the midst of crises, including a number of SIDS. The draft also recognized that severe natural or economic shocks can undermine a country's debt sustainability and that public creditors have taken unilateral steps to offer to ease debt repayment obligations following an earthquake, a tsunami, hurricanes and health crisis like the Ebola crisis in West Africa. Given SIDS are disaster prone, comprehensive and dedicated measures with strong derisking mechanisms to withstand the multifaceted impacts of frequent and severe disasters, as well as slow onset disasters, need to be put in place to deal with specific SIDS contingencies. So, while the international community must continue to support the remaining HIPC-eligible countries in

completing the HIPC process, the case of heavily indebted SIDS who fall through the cracks, due to their inability to qualify for assistance, should be further looked into and strengthened appropriately as well.

Sixth, The south - south cooperation and triangular cooperation also plays a very important role in increasing their access to finance, technical cooperation and capacity building including sharing of best practices and lessons learned.

Seventh, we often come across the issue that we are currently undergoing a 'big data revolution'.

Perhaps it is time we look at realizing a SIDS data revolution. To this end the zero draft recognizes the need to enhance capacity building and promote sharing of experiences and expertise among developing countries, and to provide adequate financial support to enable developing countries and LDCs and SIDS in particular, to increase collection and publication of high quality, timely and reliable data in support of the post-2015 development agenda. It could be, as we often hear, that there is no shortage of data in many SIDS, but rather, the issue is on ensuring that these data are aligned with expected international and global standards. This might be so, but at the same time allowance should be made for the particular circumstances of SIDS, including those stemming from their smallness, in the development of indicators that are developed to be universal in application.

For my part and that of my office, the SAMOA Pathway has expanded our advocacy mandate to now include enhancing coherence on UN processes as they relate to SIDS. As such I am pleased to note that the zero draft also contains the need for coherence between the FfD process and other ongoing UN processes that will touch SIDS as well. For SIDS, the premise of the need to enhance coherence in UN processes is not only for the sake of much needed coherence itself, it has to do with a more practical concern that stems from the smallness and capacity constraints. The hope is that coherence will lead to an alleviation of the multiple and huge reporting burdens that SIDS face as a result of the myriad of UN processes and their respective follow-up.

We continue to support SIDS, under the able leadership of AOSIS Chair, as they move through the 2015 towards what we hope will be a brighter future for SIDS and for the international community as a whole.

I thank you for your kind attention.