

Update from Samoa - "Absurd, unrealistic, indifferent, and criminal global economics"

Nicole Leotaud

Caribbean Natural Resources Institute ([CANARI](#))

Strong words like absurd, unrealistic, indifferent and criminal were heard from CARICOM delegations discussing key global economic barriers to achieving our sustainable development at the Third International Conference for Small Island Development States (SIDS) being held in Samoa.

The [SAMOA Pathway](#) does mention issues like debt and the need to find additional measures of development in addition to Gross Domestic Product (GDP) and a strengthened global institutional framework. But the very strong language and passionate delivery heard in the plenary statements by CARICOM Delegations and others, as well as the rich and detailed exploration of these issues in several side events, hit home for me that SIDS are very much still battling with these issues, which must be addressed if we are to move forward on sustainable development.

Measuring vulnerability, not just GDP

A key issue raised was the categorisation of all CARICOM countries, with the exception of Haiti, as Middle or High Income Countries, which means that we do not have access to concessionary financing and special arrangements. The Minister for Sustainable Development, Energy, Science and Technology in Saint Lucia, Dr. James Fletcher, in the plenary attacked, "The absurd and unrealistic use of a GDP-per-capita metric to measure the prosperity or viability of small, open, vulnerable, highly-indebted economies like ours, that have been experiencing weak levels of growth for well over a decade, flies in the face of logic."



Beautiful Grande Anse beach in Grenada is the heart of the small island's important tourism sector but is extremely vulnerable to climate change and natural disasters and hotels were severely damaged in Hurricane Ivan in 2004

CARICOM countries and other SIDS are calling for the use of indicators of vulnerability to better reflect their true status. GDP-per-capita used alone places some CARICOM countries alongside economic giants like China and India, which clearly we are not. SIDS feel that they are being pushed to graduate prematurely, and critical vulnerabilities remain so that even if they graduate, "SIDS will always be SIDS" and will require special treatment. Vulnerability indices and methodologies have been developed, for example, by the Commonwealth Secretariat and UNDP, but these have not yet been accepted as key indices to complement GDP to get a more accurate picture of the state of development in SIDS.

Some efforts by the International Financial Institutions (IFIs) are being made to recognise the special needs of SIDS in the development of tailored programmes for SIDS. One example is the International Monetary Fund's rapid credit and rapid financing facility which provides SIDS short term assistance and

quick liquidity to respond. But much more needs to be done. A key action raised was the need for one of the IFIs to pilot the use of one of the vulnerability indices to catalyse wider adoption in decision-making.

Financial sustainability

Challenges with financial sustainability and the need to address the frighteningly high levels of debt to GDP ratio in many of the CARICOM countries (in 9 out of 15 CARICOM countries debt ratio exceed 70% of GDP) is another key issue being discussed. The Prime Minister of Barbados, Freundel Stuart, highlighted our key challenges of small size, limited range of natural resources, open economies and vulnerability to external shocks, dependency on a limited range of exports, and exposure to natural hazards and climate change.

Strategies for building financial sustainability that were discussed included the use of innovative financing involving public-private partnerships, debt for climate change swaps, and counter cyclical loans where debt service can be temporarily suspended during disaster responses. Dr. Justin Ram, Director of Economics at the Caribbean Development Bank, emphasised the need for fundamental economic transformation in our countries. Enhancing competitiveness is a key strategy including strengthening the enabling environment for private sector investment. Reducing the extraordinarily high cost of energy (with electricity costs up to US\$2/kWhr in some Caribbean countries) via increasing the share of renewable energy is essential and will have knock-on effects across the economy.

IFIs' special treatment of SIDS

Leaders are calling for special treatment of SIDS as an outcome of this conference and a way forward. Despite recognition of the special vulnerabilities of SIDS for decades, tailored programmes are still not in place across key international agencies. A fundamental issue raised in the plenary by the Minister of Foreign Affairs, Foreign Trade and Consumer Affairs of St. Vincent and the Grenadines, Camillo Gonsalves, was the under-representation or exclusion of SIDS from the inner sancta of decision-making bodies on international security, economic cooperation, development finance and sustainable development. Addressing the issues outlined here cannot be possible without real engagement of SIDS in decisions on the policies and processes which are hampering people-centred, environmentally sustainable and socially inclusive economic development.

The discussion on these key economic issues facing CARICOM and other SIDS needs to continue and deepen so that key strategies can be included in the [post-2015](#) Sustainable Development Goals.

About CANARI

The Caribbean Natural Resources Institute is a regional technical non-profit organisation which has been working in the islands of the Caribbean for more than 20 years. Our mission is to promote equitable participation and effective collaboration in managing natural resources critical to development. Our programmes focus on research, sharing and dissemination of lessons learned, capacity building and fostering regional partnerships.

Connect with us:



For further information, please contact: Nicole Leotaud, Executive Director of CANARI at nicole@canari.org or +1-868-626-6062.