

EXECUTIVE SUMMARY  
Virtual Meetings of National Focal Points (NFPs) of Small Island  
Developing States (SIDS)

**“Enhancing coherence - A focus on the COVID-19 response”**

During the meetings, it was noted that the unique vulnerabilities found within SIDS have been magnified due to COVID-19. SIDS across all three regional groups will have severe economic contractions. The AIS, Caribbean, and Pacific regions each will experience GDP reductions at levels of 4.7%, 9%, and 2.7% respectively. These reductions can largely be attributed to the collapse of the tourism sector, which is a key component of many SIDS economies. Worldwide border closures have hindered international trade, which is also vital to the small open economies of SIDS. Reduced global demand for primary commodities and domestic economic activities are also contributing factors that will play a role in the

it was suggested that national supply purchases could be substituted for regional purchases to make the venture more appealing to PPE and medical equipment suppliers. It was also noted that disrupted global supply chains would impact the availability of a potential vaccine for SIDS.

The need to use the health crisis as an opportunity to build back better was a common theme across the meetings. Meetings emphasized the need for SIDS to recover and develop cleaner, greener, and more resilient societies. It was noted that plans initiated in response to the pandemic should not only focus on the immediate response to the public health crisis but should also include medium-term responses so that recovery efforts enable SIDS to emerge stronger than they were pre-crisis. The need to integrate the SDGs, the SAMOA Pathway, and 2030 Agenda in the national recovery plan was highlighted by many of the speakers as a way to not only build back better, but to preserve the development progress that has been made in SIDS in recent decades as well. The crisis would also provide the opportunity for SIDS to diversify their narrow based economies and move away from the reliance on fossil fuels. It was noted that the crisis would allow for the advancement of new sectors such as renewable energy, digital infrastructure, and the greater prioritization of investment in green and blue economies.

Meetings noted that governments have effectively responded to the pandemic, but their responses have led to limited fiscal space. Countries have enacted massive stimulus packages costing billions of dollars to alleviate the impacts of COVID-19 and have had to increase spending in the process. While the crisis spending is necessary, it is taking place in the context of limited revenue streams as domestic and international economic activities have dramatically decreased. This has led to governments having to reallocate limited financial resources and forced some to choose between the pandemic response and sustainable development. SIDS governments have looked to IFIs and the private sector for loans to cover fiscal spending, despite high levels of debt distress. There were calls for greater access to fiscal liquidity to stabilize response initiatives. Monetary policy has also played a role in the response as central banks have lowered interest rates and provided vital liquidity to the financial sector.

Participants across the meetings expressed their concern about the compounding situation COVID-19 will have on the debt sustainability of SIDS. COVID-19 responses have led to government deficits and more borrowing to cover fiscal gaps. SIDS had high levels of debt pre-crisis, and the combination of the pandemic and a frequency of natural disasters make their debt burdens difficult to escape. The high levels of debt also make it difficult for SIDS to gain access to much needed concessional financing. Participants from across the region suggested various initiatives to address the problem. It was suggested that there be greater engagement with private creditors, as they hold a considerable amount of the portion of debt owed by SIDS. Also, the utilization of debt swaps was mentioned to reduce the debt burden but also improve climate change and health resilience. Others advocated for the outright cancellation of the debts owed by SIDS.

Participants across the meetings underlined concerns about the lack of access to financing. This has been an ongoing problem for SIDS for decades. The graduation from low to middle

concessional financing. Participants also pointed out the inherent flaws in the international financial systems that prevent SIDS from accessing the funds needed t