

QUESTIONNAIRE

Implementation of the SAMOA Pathway for the Sustainable Development of SIDS

Please note that **strict word limits** have been established for each question. In this regard, you are requested to report only on new or updated information. Previous surveys can be accessed at <https://sidsnetwork.org/> under reports.

1. Legal/Policy/Institutional Arrangements for SIDS and/or the implementation of the SAMOA Pathway¹

Does your entity/organization/government have a SIDS Strategy? If not, are there any plans to establish one, including with the appropriate resources for implementation. **(500 words)**

The Fund recognizes the special characteristics of 34 small developing states (SDS) with populations of fewer than 1.5 million, of which 30 are SIDS.

Types of engagement. As IMF members, SDS receive policy advice through regular IMF surveillance under Article IV; have access to support from the Fund through a range of lending facilities and non-financial instruments; and benefit from the Fund's provision of capacity development (CD).

- **Surveillance.** Like all IMF members, SIDS are subject to bilateral surveillance known as Article IV consultation. IMF monitoring typically involves annual visits to member countries. During these visits IMF staff engage government and central bank officials in discussions about risks to domestic and global stability, and policies and reforms to address those risks. These discussions focus on macroeconomic and financial issues, and macro-critical structural reforms. Upon completion, IMF staff present a report to the Executive Board for discussion and views, which are subsequently transmitted to the country's authorities.
- **Lending.** IMF lending aims to give countries breathing room to implement adjustment policies in an orderly manner, to restore conditions for a stable economy and sustainable growth. In the absence of IMF financing, the adjustment process for the country could be more abrupt and difficult. The IMF's various lending instruments are tailored to the specific circumstances of its diverse membership to address balance of payment needs and are grounded on a mutually agreed economic and financial program. In addition, the IMF's emergency facilities provide rapid and low-access financial assistance to member countries facing an urgent balance of payments need,

¹ This question seeks to examine the extent to which each respondent mainstreamed SIDS and the Samoa Pathway into co-operation frameworks, programmes and activities, national development plans etc, to ensure effective follow-up and implementation at regional and national levels in SIDS.

including those arising from natural disasters, when a full-fledged economic program is either not necessary or not feasible.

- All IMF members are eligible to access the Fund's resources in the General Resources Account (GRA) on non-concessional terms. The IMF also provides concessional financial support through the Poverty Reduction and Growth Trust (PRGT). Out of the 34 SDS, 19 (of which 17 SIDS) are PRGT-eligible through special provisions envisioning less restrictive eligibility and graduation criteria, even if their income per capita is above the IDA cutoff.
- **Capacity Development.** The IMF provides technical assistance and helps develop capacity in SIDS in a range of fiscal, monetary, financial and statistical issues. Regional Technical Assistance Centers (RTACs), such as the Pacific Financial Technical Assistance Centre (PFTAC) or the Caribbean Regional Technical Assistance Center (CARTAC), complement Fund headquarters activities with proximity and high frequency assistance to SIDS.

Framework. The 2017 Guidance Note on engagement with SDS focuses on five main policy issues for IMF surveillance and lending organized in a framework called G.R.O.W.Th:

- *Growth and job creation.* Fund work on SDS has an explicit focus on growth.
- *Resilience to shocks.* SDS experience higher macroeconomic volatility and more frequent natural disasters; Fund's policy advice focuses on providing greater resilience to shocks and climate change.
- *Overall competitiveness.* Options to achieve this, include relative prices adjustment and improving business climate, encompassing regional initiatives.
- *Workable fiscal and debt sustainability options.* Many SDS have very high debt burdens, requiring sustained fiscal consolidation, structural reforms, and in some severe cases debt restructuring to reduce debt to manageable levels.
- *Thin financial sectors.* Developing deeper, competitive, and sound financial sectors contributes to macroeconomic stability and enhances policy interventions' effectiveness, while strengthening access to financial services.

2. Financial Arrangements

Please give an indication of the budget allocated to the SAMOA Pathway programme areas in your government/organization/entity, **if applicable**, for the period Jan. - Dec. 2021 or the fiscal cycle that best fits this period. If the priority areas cannot squarely fit this chart, please report as closely as you can.

Priorities	Investment (USD)	Budget Allocation	FY/ Cycle/ Period
Sustainable, inclusive and equitable economic growth			
Climate Change			
Sustainable Energy			
Disaster Risk Reduction			
Oceans and Seas			
Food Security and Nutrition			
Water and Sanitation			
Sustainable Transportation			
Sustainable Consumption and Production			
Chemical and Waste management			
Health and NCDs			
Gender Equality			
Social Development			
Biodiversity			
Means of Implementation			
Other			
Total			

N/A

3. Enhanced Support for a resilient Post COVID 19 Recovery in SIDS

Overcoming the economic fallout of the pandemic and regaining growth momentum in SIDS will require a **robust, practical, tailored** and **impactful** solutions not only to keep SIDS afloat but also for the successful implementation of the SAMOA Pathway, the Paris Agreement and the 2030 Agenda. Please elaborate on any proposed resilience building interventions/programmes for implementation in SIDS that are to be pursued over the remaining period of the SAMOA Pathway. **(500 words)**

A key objective of the IMF's policy recommendations is the promotion of strong, sustainable, and inclusive growth for its member countries. Building resilience to climate

change and natural disasters is a macro-critical need for many IMF members, particularly in SDS. The IMF provides tailored resilience-building support through: (i) surveillance and CD, and (ii) lending.

Surveillance and CD

- **Surveillance.** Strengthening resilience to natural disasters and climate shocks features prominently in Fund surveillance. This includes: (i) policy advice on structural resilience related to investment in infrastructure; and (ii) financial and ex-post resilience through recommendations on macro-fiscal buffers and institutions, insurance, emergency response, and recovery.

Capacity Development. Fund engagement with SDS through CD and TA activities in the areas of competency of the Fund remains significant (Table 1). These activities contribute to helping SDS strengthen macroeconomic resilience and their institutional capacities in climate change management, public financial management, tax policy and administration, banking sector supervision and central bank management, and statistics among others. Key work on resilience to climate change and natural disasters takes place in collaboration with the World Bank and other development partners. Under this type of engagement, the IMF has worked with two SDS— Dominica and Grenada— to prepare comprehensive and country-owned Disaster Resilience Strategies (DRS), which embed resilience-building efforts into their macro-fiscal frameworks in a sustainable manner. A diagnostic Climate Change Policy Assessment (CCPA), conducted jointly with the World Bank, served as a basis to the DRS in Grenada. CCPAs have also been conducted in Seychelles, St. Lucia, Belize, Grenada, the Federated States of Micronesia and Tonga.

Table 1. IMF: Small States Technical Assistance, FY2018 -FY2020

	Technical Assistance (Person Years of Field Delivery 1/)			Training (Participant Weeks)			Training (Number of Participants)		
	FY2018	FY2019	FY2020	FY2018	FY2019	FY2020	FY2018	FY2019	FY2020
Small States Total	35.7	31.7	30.6	1913.4	2031.8	2293.8	1542.0	1799.0	1964.0
IMF Total	365.5	349.3	322.1	23025.4	22995.4	23516.3	16451.0	16694.0	17574.0
SS in percent if IMF total	9.8	9.1	9.5	8.3	8.8	9.8	9.4	10.8	11.2

1/ An effective person year of field delivery of technical assistance is defined as 260-262 working days of Fund staff or experts.

Source: IMF's ICD; Travel Information Management System (TIMS) & Participants and Applicant Tracking System (PATS)

Lending

The Fund continues to play an important role in meeting SDS' financing needs (Table 2). SDS are active users of the Fund's emergency financing facilities— Rapid Credit Facility (RCF) and Rapid Financing Instrument (RFI)—which have been important sources of rapid liquid support in response to shocks, including natural-related hazards as well as the COVID-19 pandemic. During the 2018-19 Review of Facilities, the Fund approved an increase in RCF and RFI annual access limits from 60 percent to 80 percent and cumulative

access from 100 percent to 133.33 percent of quotas for members facing severe disasters with damages assessed to be equivalent to or to exceed 20 percent of GDP.

During the ongoing COVID-19 pandemic, the annual and cumulative access limits under the regular window of the RFI has been temporary increased from 50 and 100 percent of quota to 100 percent and 150 percent of quota, respectively. As of March 30, 2021, 16 out of 34 SDS benefited from emergency financing under the RCF and the RFI since the COVID-19 outbreak; two other SDS received program augmentations and four received debt service relief through the Catastrophe Containment and Relief Trust (CCRT). The IMF and the World Bank are also supporting the operationalization of the G20-led Debt Service Suspension Initiative (DSSI) which has provided timely liquidity support to 73 countries, of which 22 SDS.

The IMF and the World Bank have also updated their debt sustainability framework (DSF) for low income countries (LIC DSF). This update includes scenario stress testing to assess risks related to natural disasters, while including an enhanced view on features key in many SDS (such as remittances). This updated tool is helping strengthen debt sustainability analysis for SDS that are prone to natural disasters and allow countries to strengthen their medium-term fiscal framework.

Table 2. IMF: Small States Program Engagement, FY 2018 - Present

Country	Program	Date of Arrangement	Actual / Current Expiration Date	Disbursement (Millions of SDR)	Event
Bahamas, The	RFI	6/1/2020	..	182.4	COVID-19 Pandemic
Barbados	EFF	10/1/2018	9/30/2022	208.0	..
Cabo Verde	RCF	4/22/2020	..	23.7	COVID-19 Pandemic
Cabo Verde	PCI	7/15/2019	1/14/2021
Comoros	RFI-RCF	7/24/2019	..	8.9	Cyclone Kenneth
Comoros	RFI-RCF	4/22/2020	..	8.9	COVID-19 Pandemic
Djibouti	RCF	5/8/2020	..	31.8	COVID-19 Pandemic
Grenada	RCF	4/28/2020	..	16.4	COVID-19 Pandemic
Maldives	RCF	4/22/2020	..	21.2	COVID-19 Pandemic
Montenegro	RFI	6/24/2020	..	60.5	COVID-19 Pandemic
Samoa	RCF	4/24/2020	..	16.2	COVID-19 Pandemic
São Tomé and Príncipe	RCF	4/21/2020	..	9.0	COVID-19 Pandemic
São Tomé and Príncipe	ECF	10/2/2019	2/1/2023	13.3	..
Seychelles	RFI	5/8/2020	..	22.9	COVID-19 Pandemic
Seychelles	PCI	12/13/2017	12/12/2020
Solomon Islands	RFI-RCF	6/1/2020	..	20.8	COVID-19 Pandemic
St. Lucia	RCF	4/28/2020	..	21.4	COVID-19 Pandemic
St. Vincent and the Grenadines	RCF	5/20/2020	..	11.7	COVID-19 Pandemic
Tonga	RCF	1/25/2021	..	6.9	COVID-19 Pandemic

Source: International Monetary Fund.

4. Financing for Sustainable Development in SIDS

The road to recovery post-COVID-19 will be challenging for SIDS. They will need new strategies and financial instruments to mobilize adequate resources for recovery and reconstruction. Please elaborate on any proposed/planned programmes that will be delivered to reduce risks and build resilience in SIDS, and/or that alleviate the liquidity and debt vulnerability challenges facing SIDS (**500 words**)

Beyond the various instruments of engagement mentioned above, the IMF is preparing a general allocation of Special Drawing Rights of \$650 billion, which would provide a substantial, direct liquidity boost to all our members, including SIDS. Moreover, the IMF is exploring other options including scope for Fund's member countries with strong external positions to channel their SDRs to those most in need for liquidity support. However, the projected large financing needs and policy challenges in many SDS suggest that many would benefit from longer-term Fund engagement to ensure macroeconomic sustainability, in conjunction with additional Multinational Development Banks /International Financial Institutions, and bilateral financing, including for resilience building.