

**AIS SIDS Regional Preparatory Meeting
24-26 July 2023
Balaclava, Mauritius**

Addressing SIDS Economic Priorities

24 July 2023, 1:15 PM – 3:00 PM

Background Note

Social and Human Capital development Priorities

Executive Summary

The social and human capital challenges facing SIDS are complex and multi-faceted. However, SIDS can make significant progress towards building a more prosperous and equitable future for their populations.

The key priorities for social and human capital development in SIDS can be summarized as follows:

- Investing in education and skills development. This includes ensuring that all children have access to quality education, regardless of their gender or socioeconomic status. It also includes providing opportunities for lifelong learning and skills development for adults.
- Improving access to healthcare. This includes providing universal access to affordable healthcare, as well as investing in preventive healthcare measures.
- Addressing youth unemployment. This includes creating more employment opportunities for young people, as well as providing them with the skills and training they need to succeed in the labor market.
- Promoting gender equality. This includes ensuring that women have equal access to education, healthcare, and employment opportunities.
- Combating social exclusion. This includes addressing the root causes of social exclusion, such as poverty, discrimination, and marginalization.
- Building resilience to climate change. This includes investing in adaptation measures to help SIDS populations cope with the impacts of climate change.

Introduction: Challenges faced by AIS SIDS

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Small island developing states (SIDS) face a number of social and human capital challenges. These challenges can have a significant impact on the well-being of SIDS populations and their ability to achieve sustainable development.

1. Small population size and remoteness

One of the biggest challenges faced by AIS SIDS is their small population size and remoteness. This makes it difficult and expensive to provide essential services, such as education, healthcare, and infrastructure. It also makes it difficult to attract investment and trade.

2. High vulnerability to natural disasters

AIS SIDS are also highly vulnerable to natural disasters, such as hurricanes, cyclones, and flooding. These disasters can cause widespread damage to infrastructure, homes, and businesses. They can also displace people and disrupt livelihoods.

3. Dependence on tourism

Many AIS SIDS are heavily dependent on tourism for their economic well-being. This makes them vulnerable to changes in the global tourism market. For example, the COVID-19 pandemic has had a devastating impact on tourism in many AIS SIDS.

4. Limited natural resources

AIS SIDS often have limited natural resources, which can make it difficult to diversify their economies. This can lead to high levels of unemployment and poverty.

5. Climate change

Climate change is another major challenge facing AIS SIDS. Rising sea levels and more extreme weather events are already having a significant impact on these countries. This is likely to worsen in the future, posing an existential threat to some AIS SIDS.

6. Limited international support

AIS SIDS often receive limited international support. This can make it difficult for them to address the challenges they face.

These are just some of the challenges faced by AIS SIDS. These countries are working to address these challenges, but they need increased international support to succeed.

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In addition to the challenges mentioned above, AIS SIDS also face a number of other challenges, including:

- Limited access to quality education and healthcare
- High rates of youth unemployment
- Gender inequality
- Social exclusion

These challenges can have a significant impact on the well-being of AIS SIDS populations and their ability to achieve sustainable development.

Despite these challenges, AIS SIDS have a number of strengths, including:

- Strong cultural identity
- Resilient communities
- Abundant natural resources
- Strategic location

These strengths can be leveraged to address the challenges faced by AIS SIDS and build a more prosperous and sustainable future for these countries.

Paradigm Shifts Are Necessary: Interlinkages, synergies and trade-offs.

1. Interlinkages

The first paradigm shift is to recognize the interconnectedness of the challenges facing SIDS. For example, climate change is not just an environmental issue, it is also an economic, social, and political issue. Similarly, limited natural resources is not just an economic issue, it is also a social and environmental issue.

2. Synergies

The second paradigm shift is to identify the synergies between different challenges. For example, investing in renewable energy can help SIDS to address climate change, while also reducing their dependence on imported fossil fuels. Similarly, investing in education and skills development can help SIDS to diversify their economies, while also reducing their vulnerability to natural disasters.

3. Trade-offs

The third paradigm shift is to be aware of the trade-offs between different challenges. For example, protecting coastal ecosystems can help SIDS to mitigate the impacts of climate change, but it can also limit the development of coastal

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tourism. Similarly, promoting gender equality can help SIDS to reduce poverty, but it can also challenge traditional gender roles.

4. Sustainability

The fourth paradigm shift is to adopt a sustainable development approach. This means that SIDS need to find ways to address their challenges in a way that does not damage the environment or their natural resources. For example, SIDS need to find ways to reduce their reliance on fossil fuels and to develop renewable energy sources.

5. Resilience

The fifth paradigm shift is to build resilience to shocks and stresses. This means that SIDS need to develop the capacity to cope with and adapt to the challenges they face. For example, SIDS need to invest in early warning systems and disaster preparedness measures.

6. International cooperation

The sixth paradigm shift is to increase international cooperation. SIDS cannot address their challenges alone. They need the support of the international community, including financial assistance, technical expertise, and access to markets.

Recommendations for Action: What's Needed to accelerate action and progress.

1. Increased international cooperation

SIDS need increased financial and technical assistance from the international community to address their challenges. This includes support for climate change adaptation and mitigation, disaster risk reduction, and sustainable development.

2. Strengthened domestic institutions

SIDS need to strengthen their domestic institutions to be able to effectively plan and implement sustainable development policies. This includes improving governance, strengthening the rule of law, and ensuring gender equality.

3. Sustainable economic growth

SIDS need to achieve sustainable economic growth to improve the well-being of their people and to reduce their vulnerability to external shocks. This includes diversifying their economies, investing in human capital, and promoting trade.

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4. Climate-resilient infrastructure

SIDS need to invest in climate-resilient infrastructure to protect their people and assets from the impacts of climate change. This includes building seawalls, improving drainage systems, and strengthening buildings.

5. Sustainable natural resource management

SIDS need to manage their natural resources in a sustainable way to ensure their long-term availability. This includes protecting forests, managing fisheries, and reducing pollution.

6. Empowerment of women and youth

SIDS need to empower women and youth to play a leading role in sustainable development. This includes ensuring that women have equal access to education and employment opportunities, and that youth are involved in decision-making processes.

In addition to the points mentioned above, SIDS also need to focus on the following:

- **Building public awareness:** SIDS need to raise public awareness about the challenges they face and the need for action. This can be done through education, outreach, and the media.
- **Monitoring and evaluation:** SIDS need to monitor and evaluate their progress on sustainable development to ensure that they are on track to achieve their goals. This will help them to identify areas where they need to improve and to make necessary adjustments.
- **Sustainable financing:** SIDS need to find sustainable ways to finance their sustainable development efforts. This includes exploring new sources of revenue, such as carbon taxes and environmental impact fees.

Investing in social and human capital is essential for the sustainable development of SIDS. By addressing the challenges outlined above, SIDS can build a more prosperous and equitable future for their populations.

Proposed Guiding Questions for the Discussions

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- What are the actionable entry points for SIDS to convert the current crises into opportunities for a more inclusive, resilient and sustainable recovery?
- How can the international community best support SIDS recovery and transformation for accelerated SDG implementation?
- What are necessary strategies to address debt vulnerabilities, ensure better financing for SIDS, and align development co-operation with SIDS sustainable development priorities?
- How can resilience building and the development of proactive and preventative strategies, become more central in the lending policies applied in development cooperation and by international financial institutions (IFIs) and multilateral development banks (MDBs)?

Recommended Speakers:

Please propose up to 5 speakers for this session.