



Investing in Human Capital: Addressing Health Crises in SIDS and Building the Potential of Youth in SIDS

*Background Note¹ for the Interactive Dialogue 5,
4th International Conference on Small Island Developing States
“Charting the Course Toward Resilient Prosperity”*

1. Introduction

This paper is one of a series for the 4th International Conference on Small Island Developing States (SIDS) and explores the issue of human capital through an education, employment, and health lens.

SIDS are a heterogeneous group of 37 UN Member States and 20 Associate Members of Regional Commissions located in three geographic regions: the Caribbean, the Pacific, and the Atlantic, Indian Ocean and South China Sea (AIS)². They are disproportionately affected by the climate crisis, external economic shocks, natural disasters (DESA, 2023a) and other development challenges. The financial consequences of natural disasters are significantly higher than the world average. With the majority of SIDS being middle-income countries, the group has made progress towards the social, economic and environmental objectives of sustainable development. However, progress has been uneven and slowed by successive global crises, including the COVID-19 pandemic, placing additional pressure on already constrained resources. The 2023 Sustainable Development Report for SIDS shows that these countries face greater gaps to SDG achievement than the rest of the world (SDSN, 2023).

Human capital consists of the knowledge, skills, and health that people accumulate throughout their lives, enabling them to realize their potential as productive members of society³. Human capital development is driven by improvements in education, employment and health, which together underpin poverty reduction and sustainable economic growth. Government investment in human capital can accelerate SDG achievement (across SDGs 1, 2, 3, 4, 5, 8, 10) and generate additional results in productivity, income and savings.

¹ The following UN system entities lead by UNFPA and WHO prepared this paper: IAEA, ILO, UN DESA, UNESCO, UNICEF, UNOPS.

² See list maintained by DESA: https://sdgs.un.org/topics/small-island-developing-states#list_of_sids

³ About The Human Capital Project <https://www.worldbank.org/en/publication/human-capital/brief/about-hcp>

Investments are needed to accelerate economic growth and harness the demographic dividend⁴.

There is also widespread and convincing evidence that long-term, inclusive, social protection systems can address poverty, vulnerability and inequality, across a wide variety of dimensions (e.g., food security, human capital accumulation, increases in productivity, improvements in health and wellbeing) (UNICEF, 2019). When combined, these evidence-driven policy and investment measures confirm the adage: *'healthy children learn and healthy adults earn'*.

Health system capacity is a pre-requisite for healthy children, healthy adults and human capital.

Health challenges such as noncommunicable diseases (NCDs), obesity, adolescent pregnancies, mental health conditions, injuries and violence (especially youth and gender-based violence), and substance use are an urgent priority concern in SIDS, and all have a significant impact on the development and quality of human capital of SIDS. These conditions increase demand for health services, and slow progress towards improvements in education, productivity and societal resilience. Health systems with insufficient capacity and resources to respond most often exhibit inequalities in access to essential health services and report poorer health outcomes.

2. Key challenges

SIDS face multi-dimensional social and human capital challenges. While not an exhaustive list, these are often related to: a) population demographics, b) labour markets, c) persistent health crises, and d) underlying constraints in capacity and resources.

a) Demographic shifts influence the quality of human capital. Many SIDS are experiencing a significant increase in their youth population with the Pacific, for instance, having close to 52% of its population under 25 years (Pacific Data Hub, 2021). Simultaneously, people in SIDS are living longer – in Mauritius and Seychelles, for example, the proportion of the population aged 65 and above is expected to double by 2050⁵. This increases demand for health and care services. In the SIDS context, this demand is particularly associated with chronic conditions and long-term care, specialized health services and support⁶. Policy actions to integrate health and social care and improve social protection systems can benefit populations across the life course, including the youth and ageing populations.

b) Labour markets, migration and 'brain drain'. Labour market demand and migration patterns are influenced by 'push' and 'pull' factors, such as economic conditions, working environments, infrastructure, and educational and career prospects. Many skilled individuals, usually youth,

⁴ The demographic dividend is the result of the interplay between changes in a population's age structure due to the demographic transition and rapid economic growth. <https://www.prb.org/resources/investing-in-women-and-girls-for-a-gender-dividend/>

⁵ World Bank Open Data [online database]. Seychelles (<https://data.worldbank.org/country/seychelles>)

⁶ *ibid*

seek opportunities overseas, which undermines self-sustainability through the attrition of talent and skills. Migration and retention are impacted by differentials in working conditions and wages across and within countries. Migration is a particular issue in sectors where skills are highly transferable, and where domestic skills demand is expected to grow, such as health and education. High emigration rates, considerable health workforce shortages, and ageing populations exacerbate the strain on health systems to provide quality health services, and long-term care and support to the elderly.

- c) Persistent health crises:** The climate crisis, global economic forces and the influence of commercial actors on policymaking are contributing to, and exacerbating, health conditions that undermine human capital. Current failures in trade and economic systems entrench a reliance on imported health-harming imports such as food and beverages high in saturated fatty acids, trans-fatty acids, free sugars and/or sodium, including highly processed (HFSS foods). The world's highest obesity rates recorded are in 10 Pacific countries where 45% of adults live with obesity (NCD-RisC, 2024). SIDS are disproportionately represented with the highest estimated risk of dying prematurely from cardiovascular diseases, diabetes, chronic respiratory diseases and cancers (WHO, 2021a). The adolescent birth rate is increasing in six out of 14 Pacific Island countries and territories⁷. Mental health conditions affect an estimated 15% of the population in the Caribbean and 11% of the population in the Pacific⁸. Suicide rates vary across the SIDS, with a median of 8 suicide deaths per 100 000 population, and Guyana having one of the highest suicide rates in the world (17 per 100 000 for women and 63 per 100 000 for men) (WHO, 2021b). However, data on mental health and suicide mortality are limited due to stigma, context-specific legal reasons, and weak health information systems (WHO, 2023a). Suboptimal quality of care and logistical challenges with delivering commodities and services for sexual and reproductive health to remote areas contribute to high levels of maternal and neonatal mortality and morbidities, and stillbirths (UNFPA, 2019): with many SIDS not meeting the SDG target on maternal mortality (WHO, 2023b). The resultant limited availability and accessibility of essential health services, particularly for older people in remote areas, also represents a major challenge.

d) Underlying constraints in capacity and resources

- **Education:** Although there has been significant progress in expanding access to pre-primary, primary, and secondary education in SIDS (UNESCO, 2015), access to higher education remains low. Factors such as limited resources, small populations, and geographic isolation affects the development of a skilled workforce. The gross enrolment rate in higher education in SIDS has risen from 20% in 2000 to 29% in 2022 but remains

⁷ Cook Islands, Federated States of Micronesia, Fiji, Kiribati, , Marshall Islands, Nauru, Niue, Palau, Papua New Guinea Samoa, Solomon Islands, Tonga, Tuvalu, Vanuatu

⁸ Small islands agree bold plan of action on noncommunicable diseases and mental health [website].

<https://www.paho.org/en/news/15-6-2023-small-islands-agree-bold-plan-action-health-and-climate-crises>

behind the global average of 42%⁹. SIDS could benefit from more structured vocational training opportunities. Vocational and technical training programs are essential for developing practical skills. However, many SIDS may need more well-structured vocational training opportunities. A robust and high-quality technical and vocational education and training system (TVET) can provide relevant training and skills development that matches skilled labour with demand. Gender inequalities in education and employment persist affecting women's access to education, employment, and leadership positions. There is also some evidence of boys' disengagement from education (UNFPA, 2019 and Pacific Data Hub). Social norms, poverty, and issues such as early pregnancy play a key role in poor educational outcomes and lack of opportunities for youth (Pacific Community, 2023).

- **Employment:** In 2023, 57% of the working age population in SIDS were in employment, and 3.5% were unemployed. Overall, the “participation rate” has remained around 60% over the past three decades, slightly below the world average¹⁰. However, the rapid ageing of the SIDS workforce poses a significant challenge. The share of older people in the total working age population is estimated to increase from 14% in 2021 to 20% in 2100 (DESA, 2023b). At the same time, SIDS employ more people in the health and education sectors compared to the global average. This helps to meet increasing demand, as well as, supporting human capital development in SIDS. Given these sectors employ more women than men on average, this also advances women's economic empowerment (WHO and ILO, 2022). Pronounced growth in employment in these sectors contributes towards fostering skills, knowledge, and public service capacities within communities with multiplier effects that enhance inclusive economic growth (WHO, 2016).
- **Health system capacity and gaps between the demand for, and supply of, health workers are impacting the achievement of universal health coverage** (Boniol et al, 2022). The World Health Organization has identified 11 SIDS as having critical health workforce gaps, and in need of ethical migration measures and protections from active international health worker recruitment (WHO, 2023c). Skills shortages exist for midwives and nurses, hampering access to quality sexual, reproductive, maternal, newborn and adolescent health, NCD and mental health services. Other SIDS have vulnerable supply and absorption capacities, and a persistent challenge in attracting, producing, recruiting, and retaining health and care workers: often undermined by limited fiscal space and the cost of debt repayments. Graduate numbers for licensed health professions may be unable to match diverse health needs and priorities due to inadequate capacity and infrastructure in education institutions and in some instances their core competencies, skills, and scopes of practice (spectrum of functions that individuals are authorized to perform) are not optimized (PAHO/WHO, 2019).

⁹ UNESCO Institute for Statistics (UIS) [online database]. (<http://data.uis.unesco.org/>)

¹⁰ Calculations are based on ILOSTAT, ILO modelled estimates, February 2024. <https://ilostat.ilo.org/>

- **Infrastructure:** Ninety per cent of SIDS are located in the tropics, which increases their exposure to extreme weather events (UNOPS, 2020). This necessitates efforts to support health systems to apply disaster and vulnerability assessments and retrofit health facilities to community settings that are both energy efficient and resilient to climate-induced disasters.
- **Data and information systems:** Many SIDS have weak information systems or face capacity constraints to collect, analyse, disseminate and use age- and gender-disaggregated data for policy and decision making including for education, employment and health (UNESCO, 2016). Accurate data on human capital indicators (such as literacy rates, skill levels, and workforce participation) is often scarce in SIDS. These data gaps hinder evidence-based policy formulation.
- **Underinvestment** in health, education and social protection systems is associated with fragile capacities and limited institutional capabilities. Given their small size and populations, system strengthening efforts often require disproportionately large financial and operational resources (Meessen et al, 2024). Together, these factors compromise the ability of SIDS to progress towards the goals of universal education, universal health coverage and universal social protection.

3. Solutions and Opportunities

Evidence-based solutions to the myriad challenges above are available and if built into the priorities, policies and programmes developed by SIDS and their partners at the regional, national, and sub-national levels could advance human capital.

Key opportunities include:

- a) **Safeguard the future for present and coming generations through human capital development,** embracing the principle of universalism to leave no-one behind. This extends to universal education, universal health coverage, universal access to social protection, including sexual and reproductive health and rights, and achieving full and productive employment and decent work.
- b) **Unlock the demographic dividend:** With the majority of SIDS populations structures demonstrating large youth populations and ‘youth bulges’, there is an opportunity to harness the demographic dividend. Removing barriers to education, employment and health, and fostering youth empowerment, gender equality are essential enablers for sustainable

economic development and these can be achieved through evidence-informed and resourced policies and actions.

- c) **Increase access to employment and skills:** Many of the young working age population are expected to enter the workforce. Many skilled individuals from SIDS seek better opportunities abroad, leading to a significant brain drain. This migration of talent reduces the pool of qualified workers within these states. Addressing the drivers of emigration and brain drain is critical for the SIDS. Therefore, it is imperative to create conducive conditions in home countries to retain skilled professionals and promote return migration, through appropriate retention and ethical migration measures that can ensure the sustainability of national systems and human capital development. Employment in health and social sectors, tourism and others can provide opportunities for youth.
- d) **Enable youth and community participation in policy fora:** Investing in institutionalized and empowered community participation is essential for strengthened governance. Youth are a powerful resource of human capital development at the disposal of SIDS. Their total population is to increase by 2050, enriching the workforce, as the current one simultaneously ages (United Nations, 2023). Providing youth and communities opportunities to develop and implement innovative, solution-oriented actions based on their ideas and knowledge, and to participate meaningfully in decision-making, should go hand in hand with investments in education, employment, retention, and empowerment.

4. Recommendations

The recommendations in this next section provide a pathway for investing in human capital. The recommendations cut across sectors and each country should assess their feasibility and cost-effectiveness. Some recommendations may be applied at a national level and/or in collaboration with neighbouring countries and/or countries in regional economic groups. Existing mechanisms and bilateral agreements may be considered – including South-South and Triangular cooperation, sub-regional platforms and expertise hubs – to capture economies of scale and optimize scarce resources.

1. **Expand demand-driven, industry-responsive and rights-based education and training systems**
 - a. **Strengthen connections between Technical and Vocational Education and Training (TVET), higher education, and industry to promote technological advancement and productivity, address skill gaps in the job market, and cultivate a skilled workforce.**

5. **Invest in health systems based on a primary health care approach to achieve Universal Health Coverage**¹¹ including defining the list of essential health services and public health functions; making available essential medicines, and health and assistive products, including via strengthening supply chain and logistical capacities; optimizing the service delivery models, strengthening health and care workforce capacities; developing reliable information and early detection systems; improving performance through digitalization; ensuring adequate financing and coverage and strong health sector governance.
6. **Strengthen youth and community engagement** at national and sub-national level to enable meaningful participation in policy fora, development-related policies and programmes, and the tracking of results.
 - a. **Empower young people with skills to mitigate climate change** and promote sustainable practices in key sectors such as renewable energy, sustainable agriculture, and climate resiliency in SIDS.
 - b. **Co-create, finance, and implement evidence-informed national policies, programmes and projects** that target the challenges facing young people in SIDS. For example, financially supporting innovative projects through grants, scholarships, and fellowships fosters their involvement in tackling issues like unemployment and climate emergencies.
 - c. **Adopt meaningful youth and community engagement mechanisms** ensuring that representation and perspectives are integrated in SDG and human capital development processes and that traditional skills and knowledge specific to SIDS are recognized and valued.
 - d. **Enable participation of youth in national, regional and global political fora**, for example through 'Voices of SIDS' Youth Ambassador or UN Youth Delegate programmes.
7. **Strengthen inclusive multisectoral and multistakeholder mechanisms for collaboration**, including youth, older people, women, persons with disabilities, public and private entities, educators, employers, and workers' organizations, and the international community to address the multi-rooted challenges of SIDS and enable coordinated decisions and action on education, skills, health and employment.
8. **Strengthen data for policy and decisions**, using national statistical systems to collect, safely store, share, analyse and use population disaggregated data to understand the changing

¹¹ Including actions to address the climate crisis and implement the 2023 Bridgetown Declaration on NCDs and mental health. June 2023 https://cdn.who.int/media/docs/default-source/ncds/sids-event/2023-bridgetown-declaration-on-ncds-and-mental-health.pdf?sfvrsn=5feda33f_11

characteristics and needs of the population, and enable people-centred and evidence-informed policy making.

- a. **Systematically use sex-and age-disaggregated population estimates and projections** to understand how demographic changes impact human capital by affecting the demand for essential goods and services – including food, energy, water, sanitation, health, education, social protection and care, housing, among others – and what pressures demographic change exerts on labour markets, and public expenditure.
 - b. **Support development and use of a Multi-dimensional Vulnerability Index (MVI)** to extend eligibility criteria for international funding, including to improve education, employment and health.
9. **Endorse the integration of technology and innovation** to overcome barriers in education and health, while accounting for equity, by for example creating innovation hubs and incubators. Digital platforms for remote learning and telehealth services can provide essential solutions to geographical and infrastructural challenges. These technologies not only make education and health more accessible but also empower youth and older people, therefore contributing to building resilient and inclusive societies.

5. Questions for Interactive Dialogue 5

1. What actions are being taken to meaningfully engage youth in key decisions affecting their development and economic empowerment? How can investments in youth empowerment contribute to improved health outcomes and economic growth for SIDS?
2. What mechanisms, partnerships, and support are needed to enable SIDS to address capacity constraints and efficient development of human capital? For example, pooling resources and efficiently delivering specialized services?
3. How can innovations in technology and approaches (digital health / telemedicine / AI etc.) contribute to addressing health challenges in SIDS?
4. How can we work to close some of the core gaps in human capital development? For example, what fiscal measures and financial reforms are required to close the gap between labour market needs and skills training in SIDS? How can we bridge the gap created by health workforce shortages amidst population ageing and increasing labour out migration in SIDS?
5. How can we facilitate the generation of quality and timely data to support appropriate population-based planning to respond to the health, including sexual and reproductive health, education and social services needs, of the population in general and youth specifically?

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