

CONCEPT NOTE



PRIVATE SECTOR PARTNERSHIPS FORUM

**FOSTERING PRIVATE SECTOR PARTNERSHIPS TO SUPPORT
SUSTAINABLE DEVELOPMENT IN SMALL ISLAND DEVELOPING STATES
(SIDS)**

SAMOA 2014

CONTEXT

This Forum calls on the private sector to work with SIDS Governments, partners and those stakeholders committed to working with SIDS to strengthen and form effective, innovative and concrete partnerships for the full implementation of SIDS sustainable development priorities

Background

The United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States (UN-OHRLS), jointly with the Government of Samoa and the Samoa Chamber of Commerce will convene a one and half day Private Sector Partnerships Forum for Advancing Sustainable Development in SIDS at the 2014 Third International Conference on SIDS to be held in Apia, Samoa, on September 1-4 in 2014 (see Annex I). The Forum will take place on 30-31 August and will provide a platform upon which 'effective, innovative and concrete partnerships' could be developed, strengthened and announced to support the implementation efforts of SIDS sustainable development priorities.

The Mauritius Strategy for the Further Implementation of the Barbados Programme of Action for the Sustainable Development of SIDS (MSI) articulated a role for the private sector in its implementation. The MSI also saw a role for the private sector in national enabling environments. In 2012 in Rio de Janeiro at the UN Conference on Sustainable Development (Rio+20), the international community acknowledged the need to further mainstream sustainable development at all levels integrating economic, social and environmental aspects and recognizing their inter-linkages, so as to achieve sustainable development in all its dimensions.

The Rio+20 outcome document entitled "*The future we want*" also underscored that sustainable development requires concrete and urgent action highlighting the need for a collaborative approach which includes a broad alliance of people, governments, civil society and private sector, all working together to secure the future we want for present and future generations. The broad alliance mentioned in the Rio+20 outcome is needed if SIDS are to reach their sustainable development aspirations. In this regard the participation and strong support of the private sector, both from SIDS and their development partners is paramount.

For SIDS their environment is the foundation upon which their economic and social sustainability are based. It is therefore paramount that policies and activities that promote SIDS economic growth and social sustainability are not detrimental to the environment. The environmental challenges that development activities can bring are well known. At the same time SIDS are well positioned to reap the benefits of green economic growth and are in many instances the leaders in promoting such growth.

The adverse impacts of climate change are already being felt in many SIDS. These impacts will continue to worsen as greenhouse gas emissions continue to rise. SIDS efforts to pursue their sustainable development aspirations, no matter how noble they may be, could be affected by the impacts of climate change which include among others: sea-level rise, ocean acidification, and prolonged droughts. As such, there is merit in approaching the discussions in the development of the Private Sector Partnerships Forum that take into account resilience building and climate proofing.

On 27 August, 2013, during the SIDS inter-regional preparatory meeting in Barbados. UN-OHRLLS, in collaboration with the Government of Barbados, the Caribbean Development Bank and key private sector stakeholders, launched the process through which the SIDS Private Sector Partnerships Forum was to be convened at the Third International Conference on SIDS in Samoa.

Focus Themes

While the private sector covers a broad spectrum of business and industrial sectors, focus at the private sector forum will be on six thematic areas. These are key sectors, common in all SIDS and often the bedrock upon which activities on SIDS economic growth, income generation, employment creation and socio-economic development are premised. The themes will be addressed through a sustainable development context that promotes green, sustained inclusive and equitable economic growth.

1. Sustainable Agriculture

Agriculture has historically been a bedrock of cultural and economic activities in SIDS and today continues to play a significant role in sustaining livelihoods. Furthermore, many SIDS rely heavily on agricultural produce for export earnings and in many cases these products are limited to a handful of important crops such as: sugar cane, various root crops, vanilla, cocoa, bananas and coconuts. According to the FAO, coconuts contribute to 30% of GDP for both Samoa and Fiji and plays an important role in sustaining the livelihoods of small-scale and subsistence farmers.

There is a great concern over the decline in agricultural production in many SIDS since the 1990s. Many have gone from net exporters to net importers of agricultural products with some SIDS now importing more than 50% of their daily calories according to FAO. Furthermore, the erosion of trade preferences for SIDS agricultural products over the years presents a major impediment to food security and rural development and employment. There are opportunities for private sector entities to reinvigorate agricultural production in SIDS and contribute to the livelihoods of rural communities, for example, to help increase self-sufficiency in food production and take advantage of the international growth in organic agricultural produce.

2. Fisheries and Marine Resources

Many SIDS are custodians of vast ocean spaces. For Pacific SIDS, license fees collected from Distant Water Fishing Nations provides between 3 to 40% of

government revenue. Fish provides 50 to 90% of animal protein of many SIDS where consumption is typically three to four times the global average. In terms of livelihoods, close to 50% of households in Pacific SIDS derive their first or second income from catching and selling fish.

SIDS are among the most vulnerable nations to ocean and coastal degradation. The importance of the influence that the oceans and marine resources and environment have in contributing to stronger and inclusive economic growth and sustaining livelihoods cannot be over stated. It is a fact that for many SIDS the oceans and its vast resources is the firm basis upon which jobs and economic growth depend. The health of the oceans is not only vital to SIDS but to the global community at large. There is potential for private sector entities to partner with SIDS towards ensuring the sustainable management and utilization of ocean resources including in: the tourism sector including the Caribbean Challenge Initiative, renewable energy generation, conservation and sustainable fisheries management and bio-security through appropriate shipping practices that avoid transfer of invasive species.

3. Connectivity through Transport and ICTs

Connectivity remains a crucial issue for SIDS including for accessing the international marketplace whether it be the transport of goods or telecommunications and internet based transactions. While the ICT infrastructure in SIDS continues to improve, the cost for broadband and internet access in general remains very high. Likewise, ICT uptake for services such as mobile cellular telephony and fixed internet subscriptions continues to rise. On the other hand, according to the ITU, progress continues to be slow in terms of internet usage for many SIDS with the number of internet users remaining low. For instance, according to UN Data, internet users per 100 inhabitants for 2011 in Timor-Leste was as low as 0.9 per cent, Papua New Guinea 2 per cent and Comoros 5.5 per cent. There remains a largely untapped market in SIDS where the private sector can scale up operations through affordable and competitive ICT rates with the potential for vastly increasing internet access and boosting connectivity that contributes to sustainable development in SIDS.

Many SIDS also continue to grapple with the high cost and infrequency of transport connectivity whether by sea or air. This is an area where partnerships between governments and private sector has the great potential to yield improved transport links and achieve more efficient logistics leading to improved access to international markets. The high cost of transport and connectivity translate to high transaction costs which are often passed on to the island consumers contributing to the high cost of living experienced by many SIDS. Archipelagic SIDS incur even higher costs for internal transport and connectivity which in turn results in more infrequent transport services and increases costs even further. High transport costs and a lack of connectivity in shipping and air services also contribute towards hampering trade in both goods and services in SIDS regions such as the Pacific SIDS region.

4. Renewable Energy

Many SIDS are heavily dependent on fossil fuels for their energy needs. As much as 15 per cent of gross domestic product (GDP) can be spent on energy imports with

electricity costing USD\$2.50 per kilowatt hour, among the highest costs per unit in the world. This dependency on fossil fuels leaves SIDS highly exposed to oil-price volatility. The increasing cost of imported fossil fuels also represents a major impediment to the achievement of sustainable development and poverty eradication.

The Barbados Declaration on Achieving Sustainable Energy for All in SIDS recognizes challenges and opportunities in achieving sustainable energy and welcomes the voluntary commitments by 18 states to promote transformational activities in the areas of renewable energy, energy efficiency, energy access, and low-carbon development.¹ The Declaration reiterated the availability of commercially feasible options for providing energy such as wind, solar, geothermal, and ocean energy, and the suitability of these options to many SIDS, as a result of their geographical location. Given the interdependence of various sectors such as water, food and agriculture, eradicating poverty and improving livelihoods with access to sustainable energy, the issue of developing viable renewable energy resources remains a high priority for SIDS. Here, the efforts of private sector entities will play a major role in developing affordable and competitive renewable energy sources in SIDS that should lead to a significant shift from a high dependence on imported fossil fuels, to more sustainable locally harnessed energy sources.

5. Sustainable Tourism

The contribution of the travel and tourism industry to GDP and employment in SIDS is indicative of the industry's importance. In 2012, Aruba's travel and tourism industry made a total contribution of 26.5 percent to GDP and if the total contribution (direct and induced)² is taken into account, the contribution amounts to 83.8 percent. Similarly, Antigua and Barbuda, the UK Virgin Islands, Anguilla, Seychelles and Vanuatu are heavily dependent on the travel and tourism industry (total contribution higher than 50%). Regarding employment, in 2012 the UK Virgin Islands topped the list with a direct contribution to employment of 32.8% and a total contribution (direct and induced)³ of 89.3%. Private sector activities have been a proven cornerstone of the viability of the tourism sector in SIDS and thus reflecting the importance of the sector in socio-economic development for SIDS. There is merit in further exploring how best tourism activities can be further expanded, where capacity allows, and be made more sustainable. Likewise consolidating strong forward and backward linkages of the tourism activities in SIDS and further strengthening institutional development would be critical areas for collaboration.

6. Disaster Risk Reduction

SIDS' small and open economies leave them especially exposed and highly vulnerable to external shocks resulting from disasters. While the expected annual

1

Summary of the High-Level Conference of the Small Island Developing States (SIDS) "Achieving Sustainable Energy for All" (SE4ALL) and Rio+20 SIDS Informal Ministerial Meeting, IISD, 2012

² Total contribution: GDP generated directly by the Travel & Tourism industry plus its indirect and induced impacts. Indirect contribution: Capital investment, government collective spending and supply chain effects Induced contribution: The broader contribution to GDP and employment of spending by those who are directly or indirectly employed by Travel & Tourism

³ The number of jobs generated directly in the Travel & Tourism industry plus the indirect and induced contributions.

average losses from earthquakes and tropical cyclone⁴ wind damage in SIDS represent respectively only 2 per cent and 1.4 per cent of the global total, it is precisely because they are small, that 8 of the 10 countries which would lose the largest proportion of the value of their produced capital stock in a one-in-250 year earthquake are SIDS. In the case of a one-in-250 year cyclone, SIDS comprise 6 of the 10 countries most at risk.⁵ Countries with low levels of investment and high average annual losses are less likely to be able to absorb losses even from more frequent, less severe events. Jamaica observed annual average losses between 1991 and 2011 equivalent to 2.6 per cent of its average annual investment. This contributed to its sluggish growth over this period.⁶ Similarly, Vanuatu and Tonga are estimated to sustain average annualised losses at 6.6 and 4.4 per cent, respectively.⁷ If resilience building is to be successful in the years to come, it will require active and concerted partnerships between various actors including governments, private sector and local communities to reduce disaster risks.

ANNEX I – GOAL AND FOCUS OF FORUM IN SAMOA

The goal is to convene a **Private Sector Partnerships Forum to foster private sector partnerships to support sustainable development in SIDS**

In order to maintain a focussed and structured outcome, six key thematic areas will form the overarching focus of the Forum:

1. Sustainable Agriculture;
2. Connectivity through: Transport and Information and Communication Technologies (ICTs);
3. Disaster Risk Reduction
4. Fisheries and Marine Resources;
5. Renewable Energy; and
6. Sustainable Tourism

Objectives:

1. Provide a platform through which genuine and durable partnerships to support the advancement of sustainable development of SIDS can be announced, particularly in the six (6) sectors of focus referred to above;
2. Facilitate the sharing of information and best practices within SIDS regarding policies, programmes and practices geared towards enabling business and industry in the pursuit of sustainable development, strengthening policy frameworks for business facilitation;

⁴ In this paper references to “cyclones” include hurricanes and typhoons.

⁵ UNISDR (2013) From Shared Risk to Shared Value – The Business Case for Disaster Risk Reduction.

⁶ UNISDR (2013) From Shared Risk to Shared Value – The Business Case for Disaster Risk Reduction.

⁷ Jha, Abhas K.; Stanton-Geddes, Zuzana. 2013. Strong, safe, and resilient: s strategic policy guide for disaster risk management in East Asia and the Pacific. Directions in development; environment and sustainable development. Washington D.C., The World Bank.

3. Showcase tools available to the micro-, small and medium-sized enterprises (MSMEs) in SIDS for promoting more resource efficient processes and practices with particular emphasis on energy efficiency;
4. Launch discussions on possible follow-up mechanisms, including the establishment of a 'SIDS Global Business Network' that would contribute towards enabling strengthened business contacts, sharing of best practices including market access, enhance private sector partnerships and increase inter-regional SIDS private sector cooperation and collaboration, and promote increased partnerships with the global business community.

All private sector partnerships should comply with the ten principles of the UN Global Compact:

<http://www.unglobalcompact.org/AboutTheGC/TheTenPrinciples/index.html>

The forum should result in partnerships that meet the SMART criteria:

- SIDS-specific;
- Measurable and monitorable;
- Achievable and accountable;
- Resources identified and results focused;
- Timelines for implementation and transparency by all parties.

STRUCTURE OF FORUM

The Forum will be held on 30-31 August 2014 immediately prior to the Conference which begins on 1 September.

Day 1 to be held at the Tui Atua Tupua Tamasese Conference Centre: will comprise plenary sessions focusing on the 6 thematic areas, identifying priorities for action, showcasing successful private sector partnerships in SIDS, in those areas, with a specific focus on proposals for enhancing or strengthening partnerships, and announcing initiatives or continued initiatives which could include scaled-up existing partnerships with SIDS or new and innovative partnerships.

Ample opportunity will also be given for business leaders to network with their peers on the side lines of the forum.

Day 2 will comprise a two hour high level segment that addresses an enabling environment for private sector growth in SIDS including financing. It will bring together Government, Business leaders and partners to share experience and solutions; and culminate in a Co-Chairs Summary to include key messages and proposals formulated in Day 1.

Cross-cutting issues concerning: women in business, youth entrepreneurship, informal sector integration, capacity development, ease of doing business, inclusive finance and access to finance will also be discussed throughout the two days.

Plenary and Multi-stakeholder Partnership Dialogues:

The UN General Assembly decided to hold six multi-stakeholder partnership dialogues in parallel to the plenary of the Conference. These run from the afternoon of Monday 1 September with the final dialogue in the morning of Thursday 4 September. There will be an opportunity during these dialogues for representatives of the private sector to present relevant partnerships identified during the Forum. In addition, a report on the Private Sector Forum will be presented to the plenary of the Conference and included in the report of the Conference itself.

OUTCOMES

Outcomes of the Forum will include the following:

- Rejuvenation of commitments and enhancement of partnerships of national and regional SIDS private sector stakeholders, Governments and the international community to promote the private sector's contribution to sustainable development for SIDS;
- Identification of priority concrete actions by stakeholders to further strengthen the private sector in contributing to the sustainable development objectives of SIDS;
- Interaction between senior business entrepreneurs (national and international) and SIDS leaders regarding the best way forward to enhance the role of the private sector and fostering private sector partnerships in SIDS;
- Announcement of new partnerships, scaling up of existing partnerships and showcasing best practices and lessons learned;
- Launch discussions on the setting-up of a 'SIDS Global Business Network' that would contribute towards enabling strengthened business contacts, sharing of best practices including market access, enhance private sector partnerships and increase inter-regional SIDS private sector cooperation and collaboration, and promote increased partnerships with the global business community.

KEY PARTNERS

- Governments of Samoa and Barbados
- Samoa Chamber of Commerce
- AOSIS Members
- Regional development banks including the Caribbean Development Bank and Asia Development Bank
- SIDS regional private sector organizations
- SIDS national private sector
- Development partners including EU, IFIs,
- UN system entities including: Global Compact, UNDESA, UNDP, ITU, IMO, ICAO, UNIDO, IRENA, UNESCO, ILO, UNWTO, FAO, WFP, UNISDR, ESCAP, ECLAC
- Inter-governmental Organisations including, COMSEC, CARICOM, PIFS
- Select global businesses

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THEMATIC AREAS

Focus will be given to six key areas which are cross-cutting to the challenges that many SIDS face in achieving their sustainable development objectives

