**Department of Economic and Social Affairs Small Island Developing States (SIDS) Unit, Division for Sustainable Development Goals (DSDG), submission to Call for Inputs for an Elements Paper on Financing for Development**

The UN Department of Economic and Social Affairs (DESA) Small Island Developing States (SIDS) Unit welcomes the call for inputs for an Elements Paper on Financing for Development, issued by the Co-Facilitators of the Outcome Document for the Fourth International Conference on Financing for Development (FFD4) on 26 July 2024.

Means of implementation, in particular financing, were among the most prominent issues at the fourth International Conference on SIDS (SIDS4), which took place from 27 to 30 May 2024 in Antigua and Barbuda. In its capacity as Secretariat for SIDS4, DESA is pleased to present this submission which summarizes key issues, policy reforms and solutions raised at the Conference across the seven action areas. It also highlights for consideration in the Elements Paper relevant commitments from the new ten-year programme of action for SIDS adopted at the Conference, the [Antigua and Barbuda Agenda for SIDS – A Declaration for Renewed Prosperity (ABAS)](https://documents.un.org/doc/undoc/gen/n24/218/92/pdf/n2421892.pdf), which could be reinforced in the FFD4 Outcome Document.

1. **A global financing framework**

The ABAS reaffirmed that SIDS remain a special case for sustainable development[[1]](#footnote-1). SIDS are inherently and uniquely vulnerable to exogenous shocks owing to, *inter alia*, their small size geographical remoteness, highly disbursed populations, limited scale and undiversified nature of their economies, high dependence on external markets, and extreme exposure to disasters and natural hazards and the impacts of climate change[[2]](#footnote-2).

SIDS efforts to achieve the Sustainable Development Goals (SDGs) are conditional on external conditions and disproportionately impacted by exogenous shocks. The structural vulnerabilities SIDS face have been further compounded by new and emerging challenges, such as the rapidly accelerating impacts of climate change, fluctuating global commodity prices and plastic pollution. Successive global crises, including the COVID-19 pandemic, have exacerbated and negatively compounded the sustainable development of SIDS.

SIDS lack the fiscal space to meet these challenges and experience significant challenges accessing climate and development finance. Official Development Assistance (ODA), to SIDS remains comparatively low. Several SIDS who have graduated to middle-income status have lost access to concessional finance from multilateral development banks, due to their eligibility requirements. High levels of debt further exacerbate these financing challenges, with over 40 per cent of SIDS now on the edge or already grappling with unsustainable levels of debt.

In order for SIDS to achieve sustainable development and resilient prosperity, the ABAS recognized that SIDS require assistance to diversify their economies and strengthen state capacity. In also recognized that the international financial architecture should go further to fully address the unique development circumstances of SIDS and make accessing concessional finance easier for them, which could mitigate their fiscal constraints and reduce the risk of indebtedness, especially for highly indebted SIDS, and prevent the reversal of hard-earned development gains[[3]](#footnote-3).

In order to realize the international community’s commitment to leave no one or no country behind, the FFD4 Outcome Document should reaffirm the special case of SIDS. It should go further than the Addis Ababa Action Agenda and address this changed development landscape with targeted policy reforms that address the unique vulnerabilities of SIDS enabling them to access finance at the speed and scale required to achieve the SDGs. It should help operationalize the ABAS’ objective of delivering resilient property where economic growth and well-being are sustained and economies are robust, diversified, adaptable and able to withstand shocks, ensuring social equity and promoting environmental sustainability[[4]](#footnote-4) for all developing countries, including SIDS.

1. **Domestic public resources**

[Interactive dialogue one on revitalizing SIDS’ economies for accelerated and sustainable growth](https://sdgs.un.org/sites/default/files/2024-05/Short%20summary_from%20SIDS4_ID1_0.pdf) recognized the importance of building SIDS’ productive capacities and diversifying their economies to build socioeconomic resilience to shocks. Prioritizing policies that encourage local value addition, innovation and entrepreneurship can help foster an environment for growth of domestic industries.

*ABAS commitments*

* Developing and expanding productive capacity of SIDS through undertaking national productive capacities gap assessments and implementing holistic productive capacities development programmes; (II, A, (a), (i) and (ii)).
* Strengthening the synergy between public policy planning and financing through integrated national financing frameworks to increase the expenditure efficiency of public resources, as a complement to resource mobilization from all sources; (II, B, (b), (iii)).

1. **Domestic and international private business and finance**

[Interactive Dialogue two on enhancing critical forms of financing and aid effectiveness through collaborative partnerships](https://sdgs.un.org/sites/default/files/2024-05/Summary%20for%20Interactive%20Dialogue%202_0.pdf) recognized the critical role the private sector should play in financing development and called for robust engagement with private investors to encourage greater investment in the sustainable development of SIDS. This would be aided by a pool of bankable projects that can generate profits and remain viable over the long term. Governments can help to derisk investment for private investors through blended finance arrangements and well-designed Public-Private Partnerships.

A pillar of the [SIDS Center of Excellence](https://aosischair.sharepoint.com/sites/aosiscontentpublishing/Published%20Documents/Forms/AllItems.aspx?id=%2Fsites%2Faosiscontentpublishing%2FPublished%20Documents%2FPress%20Release%20%2D%20AOSIS%20and%20Antigua%20and%20Barbuda%5FWebsite%20User%2Epdf&parent=%2Fsites%2Faosiscontentpublishing%2FPublished%20Documents&p=true&ga=1), launched at SIDS4, is an annual Island Investment Forum, which has the potential to highlight investment opportunities and foster partnerships between SIDS and the global investment community. There may be opportunities to utilize the Island Investment Forum to support and take forward FFD commitments related to domestic and international private business and finance for SIDS.

*ABAS commitments*

* Strengthening local, national and regional institutions as well as the regulatory and domestic policy environment and trade facilitation bodies; (II, A, (b), (iii)).
* Enabling business environments for private sector investment, entrepreneurship, especially micro-, small and medium-sized enterprises, cooperatives and enterprise development; (II, A, (b), (iv)).
* Supporting the establishment of the biennial Island Investment Forum in the Small Island Developing States Centre of Excellence as a dedicated platform for promoting sustainable economic development in small island developing States by promoting investment opportunities, knowledge exchange and collaborative initiatives, addressing the unique challenges faced by small island developing States and contributing to their long-term resilience and prosperity; (III, A, (b), (vi)).

1. **International development cooperation**

Climate finance

There were three recurring messages in the plenary, related to the need to urgently scale up climate finance for SIDS given the vulnerability: developed countries should meet existing climate pledges, mobilize resources for existing vehicles and explore new and innovative funding mechanisms; application requirements for climate financing instruments should be streamlined, simplified and harmonized; and the new fund for Loss and Damage must be urgently operationalized and capitalized, with a focus on the needs of SIDS. The link between the climate and debt crises in SIDS was emphasized, with many SIDS caught in a cycle of crisis and recovery.

[Interactive dialogue three on making climate finance work for SIDS: building on the outcomes of UNFCCC COP28](https://sdgs.un.org/sites/default/files/2024-05/Summary%20ID3_0.pdf), emphasized the substantial levels of finance and assistance needed to accomplish a climate-resilient 1.5°C-aligned future for SIDS. In this context, finance from all sources including private, multilateral and bilateral is essential, as is linking efforts to reform the international financial architecture with climate finance discussions to shift from the billions to trillions required for implementation of the next round of NDCs. Looking ahead, the Interactive Dialogue also highlighted the importance of agreeing on an ambitious new collective quantified goal at COP29 and reaching the goal to at least double adaptation finance by 2025.

[Interactive Dialogue two on enhancing critical forms of financing and aid effectiveness through collaborative partnerships](https://sdgs.un.org/sites/default/files/2024-05/Summary%20for%20Interactive%20Dialogue%202_0.pdf) concluded the international community must scale-up additional finance to support climate adaptation in SIDS. Climate and other development finance should be made more accessible and channeled to projects that lead to meaningful development progress in SIDS. This would require capacity building to help resource-constrained SIDS pursue the technical and institutional strengthening required to meet the conditions and requirements to access resources of the Green Climate Fund and fund for Loss and Damage, among others.

The [Call to Action](https://sdgs.un.org/sites/default/files/2024-05/Final%20-%20Call%20to%20Action%2C%20as%20at%2022%20May.pdf), launched at the High Level Meeting on Mobilization of Resources for SIDS, calls on leaders of international financial institutions, development banks, UN entities, the private sector, as well as donor partners to scale-up climate finance to SIDS and urgently capitalize the new fund for responding to loss and damage, ensuring that SIDS priorities and needs are considered in the context of access and resource allocation.

*ABAS commitments*

* Providing climate finance by developed countries to small island developing States in line with existing obligations and commitments under the United Nations Framework Convention on Climate Change and the Paris Agreement; (III, B, (a), (vi)).
* Strengthening, and mobilizing and providing financial resources to, existing multilateral climate funds, including the Green Climate Fund, the Global Environment Facility and its Special Climate Change Fund, and the Adaptation Fund; (III, B, (a), (vii)).
* Harmonizing, as appropriate, and simplifying the application requirements, as well as access and approval procedures for climate financing instruments, and continuing to advocate for dedicated financing and programmes for small island developing States, including advocating for minimum allocation funding criteria for small island developing States, as appropriate to address, inter alia, the current high barriers and transaction costs, especially for financing small-sized projects for small island developing States; (III, B, (a), (viii)).
* Providing technical support for small island developing States for the development of carbon markets in accordance with article 6 of the Paris Agreement, as well as the further development of private financial products such as green and blue bonds; (III, B, (a), (ix)).
* Providing resources, recognizing the urgent and immediate need for new, additional, predictable and adequate financial resources to assist developing countries that are particularly vulnerable to the adverse impacts of climate change in responding to economic and non-economic loss and damage associated with the adverse effects of climate change with special consideration for small island developing States; (III, B, (a), (x)).
* Urgently operationalizing and further capitalizing the new fund for responding to loss and damage, ensuring that priorities and needs of small island developing States are also considered in the context of access and resource allocation and the development of programmatic, nationally led approaches, with due regard for the governing instrument of the fund and special consideration for small island developing States; (III, B, (a), (xi)).
* (xii) Addressing the significant challenges small island developing States face in accessing climate finance for implementing their national adaptation plans; (II, B, (a), (xii)).
* Activating private sector finance for climate mitigation and adaptation, with a view to strengthening financial support for small island developing States in achieving resilient prosperity; (III, B, (a), (xiii)).

*Other ABAS commitments*

Development cooperation

* Improving donors’ aid effectiveness, development cooperation and donor coordination in line with national and regional priorities and needs of small island developing States, including through the small island developing States principles for development effectiveness, as appropriate; (III, A, (b), (i)).
* Promoting a risk-informed approach to investment and financing in small island developing States so that all development finance strengthens resilience and accelerates the development aspirations of small island developing States; (III, A, (b), (ii)).

Ocean based economies

* Establishing public-private sector partnerships and appropriate capital market instruments and providing technical assistance to stock exchanges and security market regulators to enhance bankability and feasibility of projects; (II, A, (d), (ii)).
* Exploring, developing and promoting innovative financing solutions to drive the transformation to sustainable ocean-based economies, and the scaling up of nature-based solutions, ecosystem-based approaches to support the resilience, restoration and conservation of coastal ecosystems, including through public-private sector partnerships and capital market instruments, provide technical assistance to enhance the bankability and feasibility of projects, as well as mainstream the values of marine natural capital into decision-making and address barriers to accessing financing, recognizing that further support is needed from developed countries, especially regarding capacity-building, financing and technology transfer; (III, D, (a), (iii)).

Biodiversity

* Ensuring adequate financial and technical support for small island developing States and timely operationalization and capitalization of the Global Biodiversity Framework Fund; (III, C, (a), (ii)).
* Developing, enhancing and applying environmental statistics frameworks in their national statistical systems, such as natural capital accounting framework, including ecosystems services valuation, to assess the contribution of natural ecosystems to economies and inform policy decisions and development; (III, D, (c), (i)).
* Supporting small island developing States to identify financing and capacity gaps in meeting biodiversity objectives and develop partnerships, particularly with the private sector, to develop innovative strategies to bridge these gaps; (III, D, (c), (ii)).

Disaster Risk Reduction

* Providing financial and technical assistance, and capacity-building for disaster risk reduction and more robust multi-hazard risk governance; (III, E, (a), (i)).
* Assisting small island developing States to respond to disasters by supporting them, through the international financial institutions, to build and design risk-resilient infrastructure and improving the speed of post-disaster support; (III, E, (a), (ii)).
* Allocating ex-ante financing to enable the systemic reduction of disaster risk and resilience-building, including the disclosure of disaster risk; (III, E, (a), (iii)).
* Continuing to support the development of vehicles and instruments aimed at providing support to small island developing States, including through emergency liquidity as required, and funding reconstruction after disasters; (III, E, (a), (iv)).
* Increasing support, including financing, to improve small island developing States’ data collection, governance, management, analysis and assessment of hazards, disaster events and their impacts, including losses and damages in small island developing States; (III, E, (a), (v)).

Health systems

* Increasing access to assistance for health systems, including financing, aligned with national and regional priorities; (III, F, (a), (i)).
* Providing financial and technical assistance and capacity-building support to prevent and address the impact of non-communicable diseases and mental health conditions, including in support of the Bridgetown Declaration on Non-communicable Diseases and Mental Health, as appropriate; (III, F, (a), (ii)).

1. **International trade as an engine for development**

[Interactive dialogue one on revitalizing SIDS’ economies for accelerated and sustainable growth](https://sdgs.un.org/sites/default/files/2024-05/Short%20summary_from%20SIDS4_ID1_0.pdf) recognized that SIDS rely heavily on international trade, particularly imports, and face the challenges of heavily concentrated export destinations. Enhancing intra-regional trade by enhancing air and shipping links is essential for SIDS to endure economic shocks and build more resilient economies.

*ABAS commitments*

* Designing prioritized trade and investment strategies to consolidate market opportunities in existing sectors and markets and identify opportunities for economic diversification to reduce vulnerability; (III, A, (b), (i)).
* Enabling market access in goods and services for small island developing States by considering trade rules, as appropriate, that take into account the special circumstances of small island developing States and encouraging the full utilization of preferential market access by improving the application of trade rules and their transparency for small island developing States, in compliance with World Trade Organization commitments; (III, A, (b), (ii)).
* Strengthening local, national and regional institutions as well as the regulatory and domestic policy environment and trade facilitation bodies; (III, A, (b), (iii)).

1. **Debt and debt sustainability**

The urgent need to address the debt crisis in SIDS was a dominant message of the plenary. Recurrent policy reforms and solutions included: reforming the rules on debt management and restructuring; strengthening debt relief mechanisms to include all SIDS; transforming debt into climate investments, including through debt-for-climate and debt-for-nature swaps; considering SIDS’ vulnerability in debt relief discussions, including by using the Multidimensional Vulnerability Index (MVI); and lowering borrowing costs.

The [SIDS Debt Sustainability Support Service](https://www.iied.org/22426iied), launched at SIDS4 by the Government of Antigua and Barbuda seeks to break the cycle of debt and build fiscal resilience for SIDS through four interconnected pillars: creating fiscal space through a layered approach to debt sustainability; future protection measures through insurance and other products insulating SIDS from future climate impacts; investment infrastructure, development and community-level resilience building efforts; and expert advisory and legal support for design on investment products, debt restructuring and negotiations. There are opportunities to elevate the initiative through FFD4, including considering its expansion and applicability to other developing countries with shared vulnerabilities. In this regard, the SIDS Unit welcomes and supports the submission from the Government of Antigua and Barbuda on this initiative.

The Bridgetown Initiative 2.0 for the Reform of the Global Financial Architecture was also highlighted as providing a path to addresses liquidity challenges among SIDS while offering comprehensive solutions to the financing needs of climate-vulnerable countries. The Initiative advances useful solutions in the redesign of the Common Framework for Debt Treatments by G20 creditor countries to speed up debt relief and cancellation, debt service standstills with reliable timelines, and allow debt-distressed middle-income countries to utilise the framework. These proposal should be given due consideration in the FFD4 Outcome Document.

To address the formidable risks posted by climate related shocks, [Interactive Dialogue two on enhancing critical forms of financing and aid effectiveness through collaborative partnerships](https://sdgs.un.org/sites/default/files/2024-05/Summary%20for%20Interactive%20Dialogue%202_0.pdf) called for the inclusion of disaster clauses in debt contracts to provide crucial moratoria on debt repayments and to enhance liquidity space for SIDS following a disaster.

In his [opening remarks](https://www.un.org/sg/en/content/sg/statement/2024-05-28/secretary-generals-remarks-opening-of-high-level-meeting-mobilization-of-resources-for-small-island-developing-states-delivered) at the High Level Meeting on Mobilization of Resources for SIDS, the UN Secretary-General said debt service must be compatible with the path to sustainable development. He said SIDS should have access to effective debt relief mechanisms, including the chance to pause dept repayments. Under the current rules, many middle and high-income SIDS cannot access concessional finance from Multilateral Development Banks, he called for a transformation of lending practices and for borrowing costs to be lowered by changing the rules on concessional finance to take into account a countries’ vulnerability to external shocks. He also agued for climate-resilient or state-contingent clauses to be standard in all borrowing.

The [Call to Action](https://sdgs.un.org/sites/default/files/2024-05/Final%20-%20Call%20to%20Action%2C%20as%20at%2022%20May.pdf), launched at the meeting, calls on leaders of international financial institutions, development banks, UN entities, the private sector, as well as donor partners, to:

* Strengthen debt-restructuring mechanisms and systems and allow all SIDS to access the G20’s Common Framework.;
* Implement and support the uptake of tailored solutions, such as debt for climate and debt for SDG swaps, to enable SIDS to meet their obligations while pursuing climate action and sustainable development, and implement measures and mechanisms to better prevent debt distress, such as adoption of debt repayment pauses for countries facing liquidity crises and inclusion of climate resilient debt clauses in all sovereign lending; and
* Contribute technical assistance and expertise to support the establishment and implementation of the Debt Sustainability Support Service for SIDS to enable SIDS to manage their own debt effectively.

*ABAS commitments*

* Considering the establishment of a dedicated small island developing States debt sustainability support service to enable sound debt management and devise effective solutions for small island developing States in relation to debt vulnerability in the immediate term and debt sustainability in the long term, building on and avoiding duplication with relevant dedicated initiatives; (III, A, (c), (i)).
* Considering the use of state-contingent instruments to strengthen borrower resilience and increase the ability of small island developing States to withstand economic shocks; (III, A, (c), (ii)).

1. **Addressing systemic issues**

At SIDS4, there was strong support for credible reform of the international financial architecture to provide better representation for SIDS, for example, dedicated SIDS seats in decision-making bodies to ensure inclusivity and representation for SIDS in the G20.

The second [Interactive Dialogue on enhancing critical forms of financing and aid effectiveness through collaborative partnerships](https://sdgs.un.org/sites/default/files/2024-05/Summary%20for%20Interactive%20Dialogue%202_0.pdf) reaffirmed the need for reform of the international financial architecture to facilitate the repurposing of Special Drawing Rights for development, make debt workouts easier and increase the representation of SIDS in the reform and decision making processes.

In his [opening remarks](https://www.un.org/sg/en/content/sg/statement/2024-05-28/secretary-generals-remarks-opening-of-high-level-meeting-mobilization-of-resources-for-small-island-developing-states-delivered#:~:text=I%20have%20called%20for%20an%20immediate%20SDG%20Stimulus,First%2C%20we%20must%20relieve%20the%20burden%20of%20debt.) to the High-Level Meeting on Mobilization of Resources for SIDS, the UN Secretary-General emphasized that in its current form, the global financial architecture fails to deliver for developing countries in general – and SIDS in particular. He called for greater inclusivity across international financial institutions, arguing that global institutions cannot be effective if they are not representative, and reform so that the system reflects today’s economic realities and provides an effective safety new for developing countries in distress and in particular for SIDS.

The [Call to Action](https://sdgs.un.org/sites/default/files/2024-05/Final%20-%20Call%20to%20Action%2C%20as%20at%2022%20May.pdf) launched at the meeting calls on leaders of international financial institutions, development banks, UN entities, the private sector, as well as donor partners, to reform the international financial architecture to address gaps and shortfalls so that it is inclusive, fair and responsive to the unique challenges and vulnerabilities of SIDS, and increase SIDS’ representation and meaningful participation in the governance of the international financial architecture, including by creating dedicated seats for SIDS in their boards.

*ABAS commitments*

* Expanding multilateral lending to small island developing States, while maintaining financial sustainability of multilateral development institutions, and taking note of the identification by the Heads of Multilateral Development Banks Group of capital adequacy measures which could potentially yield additional lending headroom in the order of up to 400 billion United States dollars over the next decade, with a view to strengthening support for small island developing States in achieving resilient prosperity; (III, A, (a), (ii)).
* Ensuring representation and participation of small island developing States, as well as other developing countries, in decision-making in global economic and international financial institutions in order to deliver more effective, credible, accountable and legitimate institutions, giving due consideration to priorities, needs and perspectives of small island developing States in the process; (III, A, (a), (iii)).

1. **Science, technology, innovation and capacity building**

One pillar of the [SIDS Center of Excellence](https://aosischair.sharepoint.com/sites/aosiscontentpublishing/Published%20Documents/Forms/AllItems.aspx?id=%2Fsites%2Faosiscontentpublishing%2FPublished%20Documents%2FPress%20Release%20%2D%20AOSIS%20and%20Antigua%20and%20Barbuda%5FWebsite%20User%2Epdf&parent=%2Fsites%2Faosiscontentpublishing%2FPublished%20Documents&p=true&ga=1), launched at SIDS4, is an Innovation and Technology Mechanism. It was identified by participants as an avenue to build SIDS’ capacity in science, technology, policy and innovation to promote structural transformation of their economies and foster sustainable development. There may be opportunities to utilize the Innovation and Technology Mechanism to support and take forward FFD commitments related to science, technology, innovation and capacity building for SIDS.

*ABAS commitments*

* Assisting SIDS in developing national roadmaps for digitalization, science, technology and innovation (STI) and to support SIDS to build up national capacities for developing and utilizing the state-of-the-art technologies, including renewable energy technologies, marine technologies for the ocean-based economy and other areas significant to sustainable development, including digital technologies; (III, H, (a), (iii)).
* Assisting the development of policies and legislation to create an enabling environment to boost digital transformation, innovation, enhance digital infrastructure and connectivity, bridge digital divides, enhance digital skills, support government digital services and digital public infrastructure, and leverage science and technology, including new and emerging technology and artificial intelligence, taking into account the unique needs of small island developing States; (III, H, (a), (iv)).
* Supporting the Small Island Developing States Centre of Excellence through its innovation and technology mechanism to provide learning opportunities, exchange experiences and support innovation, so as to enhance capacity-building and narrow the digital divides; (III, H, (a), (v)).
* Developing digital solutions to expand commerce to support efforts to overcome the adverse impacts of remoteness and other structural constraints in small island developing States; (III, H, (a), (vii)).
* Supporting the building of capacity among populations of small island developing States to access new and emerging technological innovations, improving digital and financial literacy and skills, to ensure that everyone, especially the most vulnerable, has access to services, both offline and online, and benefits from economic opportunities; (III, H, (a), (viii)).

1. **Emerging Issues**

Multidimensional Vulnerability Index

The MVI was first championed by SIDS over three decades ago. At SIDS4, the MVI was recognized as a useful tool, providing a more comprehensive assessment of a countries’ development challenges and vulnerabilities, which are insufficiently reflected in income-based measures such as Gross National Income per capita. There were strong and consistent calls to adopt, operationalize and implement the MVI, including as a criterion for access to concessional financing, debt relief and ODA.

The third [Interactive Dialogue on enhancing critical forms of financing and aid effectiveness through collaborative partnerships](https://sdgs.un.org/sites/default/files/2024-05/Summary%20for%20Interactive%20Dialogue%202_0.pdf) concluded that the time is ripe for the implementation of the MVI, which would not only provide resources to SIDS based on their real and objective needs but would also ensure that countries are no longer penalized for their hard-won efforts to achieve higher-income status.

In his [opening remarks](https://www.un.org/sg/en/content/sg/statement/2024-05-28/secretary-generals-remarks-opening-of-high-level-meeting-mobilization-of-resources-for-small-island-developing-states-delivered#:~:text=I%20have%20called%20for%20an%20immediate%20SDG%20Stimulus,First%2C%20we%20must%20relieve%20the%20burden%20of%20debt.) to the High-Level Meeting on Mobilization of Resources for SIDS, the UN Secretary-General called for a transformation of lending practices so they work for SIDS, including lowering borrowing costs by changing the rules on concessional finance to take into account vulnerability to external shocks. He noted the MVI could play an important role on this.

The [Call to Action on Mobilization of Resources for SIDS](https://sdgs.un.org/sites/default/files/2024-05/Final%20-%20Call%20to%20Action%2C%20as%20at%2022%20May.pdf), launched at the High Level Meeting called on leaders of international financial institutions, development banks, UN entities, the private sector, as well as donor partners, to increase SIDS’ access to concessional finance by integrating vulnerability into eligibility criteria, as well as considering vulnerability in efforts to enhance debt sustainability, taking into account the UN’s Multidimensional Vulnerability Index.

Following SIDS4, in its resolution [78/322](https://documents.un.org/doc/undoc/gen/n24/241/33/pdf/n2424133.pdf), the UN General Assembly decided to advance the MVI.

*ABAS commitment*

* Considering how best multidimensional vulnerability could be incorporated into existing practices and policies for debt sustainability and development support, including access to concessional finance, looking forward to the intergovernmental process to consider the recommendations presented in the final report of the High-level Panel on the Development of a Multidimensional Vulnerability Index for Small Island Developing States, which can also provide a basis for moving forward in this direction; (III, A, (a), (i)).

Reform of credit rating methodologies

The High Level on Mobilization of Resources for SIDS, noted that current credit rating methodologies do not adequately consider the unique vulnerabilities of SIDS, leading to inadequate ratings and higher borrowing costs. There are opportunities for credit rating agencies to reform their methodologies to enhance SIDS’ access to international capital markets, support their long-term economic growth and climate resilience.

The [Call to Action](https://sdgs.un.org/sites/default/files/2024-05/Final%20-%20Call%20to%20Action%2C%20as%20at%2022%20May.pdf), launched at the meeting, called on leaders of international financial institutions, development banks, UN entities, the private sector, as well as donor partners, to reform credit rating methodologies to create long-term ratings, increase transparency and recognise the long-term growth potential of SIDS and the positive implications of both investment in the SDGs and measures to reduce debt distress on credit worthiness, and encourage investors to reduce their reliance on ratings and take a more nuanced approach to the graduated ratings scale.

The SIDS Unit welcomes the submission from the Government of Antigua and Barbuda on this issue.

1. **Data, monitoring and follow-up**

Data

[Interactive dialogue four on leveraging data and digital technologies and building effective institutions for a resilient future in SIDS](https://sdgs.un.org/sites/default/files/2024-05/Summary%20ID4_0.pdf) recognized evidence-based policy making and development financing in SIDS is hindered by multifaceted challenges, including weak governance and institutional coordination, lack of quality data and infrastructure vulnerabilities. The [background note](https://sdgs.un.org/sites/default/files/2024-05/ID%204%20digital%20clean%2025may_0.pdf) highlighted, in particular, the limited adoption of digital technologies and digital skills. SIDS need support to modernize national statistical systems and build capacity for strong data governance and management, analysis, protection, transparency and data sharing in order to accelerate progress on SDG implementation. Further the second [Interactive Dialogue on enhancing critical forms of financing and aid effectiveness through collaborative partnerships](https://sdgs.un.org/sites/default/files/2024-05/Summary%20for%20Interactive%20Dialogue%202_0.pdf) challenged SIDS to upgrade and modernize their data systems to better track and monitor finance allocation to ensure its optimal use.

One pillar of the [SIDS Center of Excellence](https://aosischair.sharepoint.com/sites/aosiscontentpublishing/Published%20Documents/Forms/AllItems.aspx?id=%2Fsites%2Faosiscontentpublishing%2FPublished%20Documents%2FPress%20Release%20%2D%20AOSIS%20and%20Antigua%20and%20Barbuda%5FWebsite%20User%2Epdf&parent=%2Fsites%2Faosiscontentpublishing%2FPublished%20Documents&p=true&ga=1), launched at SIDS4, is a Global Data Hub. It was welcomed by participants as a means to support capacity building and foster diverse partnerships to strengthen data collection mechanisms. There may be opportunities to utilize the SIDS Global Data Hub to support and take forward FFD4 commitments related to data for SIDS.

*ABAS commitments*

* Investing in building human and institutional capacity in small island developing States to collect quality, accessible, timely and reliable, disaggregated data, according to their national contexts, to measure progress and to ensure that no one is left behind; (III, G, (a), (i)).
* Strengthening and modernizing national data infrastructure and systems in small island developing States to better integrate data into development planning and enhancing the capacity of statistical offices in small island developing States; (III, G, (a), (ii)).
* Enhancing science-based and innovative approaches, including sustainable development-oriented, inclusive and responsible use of artificial intelligence, in the non-military domain, in full respect, promotion and protection of human rights and international law, for the collection, storage, analysis, disaggregation, dissemination and use of demographic data in small island developing States, including use of geospatial technologies; (III, G, (a), (iii)).
* Enhancing partnerships and the sharing of best practice, expertise, digital public goods and data in order to facilitate small island developing States peer-to-peer learning, including through the Small Island Developing States Centre of Excellence and existing statistical initiatives, including through regional organizations; (III, G, (a), (iv)).
* Providing high-quality spatial data for small island developing States and working to downscale global datasets to provide accurate information for small island developing States; (III, G, (a), (ii)).

Monitoring and follow-up

The UN Secretary-General was mandated to develop a monitoring and evaluation framework for the ABAS, with clear targets and indicators, by June 2025 (ABAS, para. 38). Reviews of progress against the agenda will be undertaken via an annual report and presented during the SIDS segment of the high-level political forum on sustainable development (ABAS, para. 40). There should be synergies between the follow-up to the FFD4 outcome document and the ABAS, in particular its means of implementation related commitments.

1. **Overarching reflections**

The global financing landscape has shifted significantly since 2015, particularly for SIDS. The ABAS provides an important foundation for addressing new and emerging challenges. It is critical that there is continuity between the outcomes of SIDS4 and FFD4. The SIDS Unit also encourages the co-facilitators to build on the recently agreed [Pact for the Future](https://documents.un.org/doc/undoc/ltd/n24/252/89/pdf/n2425289.pdf). Finally, in 2025 the UN will convene the Third Ocean Conference. The SIDS Unit hopes the FFD4 Outcome Document, and the UN Ocean Conference Declaration can be mutually reinforcing in supporting SIDS to capitalize on the benefits of the ocean-based economy.

The SIDS Unit stands ready to support SIDS to engage in FFD4 and implement its outcome.

1. ABAS, paragraph 2. [↑](#footnote-ref-1)
2. ABAS, paragraph 5. [↑](#footnote-ref-2)
3. ABAS, paragraph 7. [↑](#footnote-ref-3)
4. ABAS, paragraph 11. [↑](#footnote-ref-4)