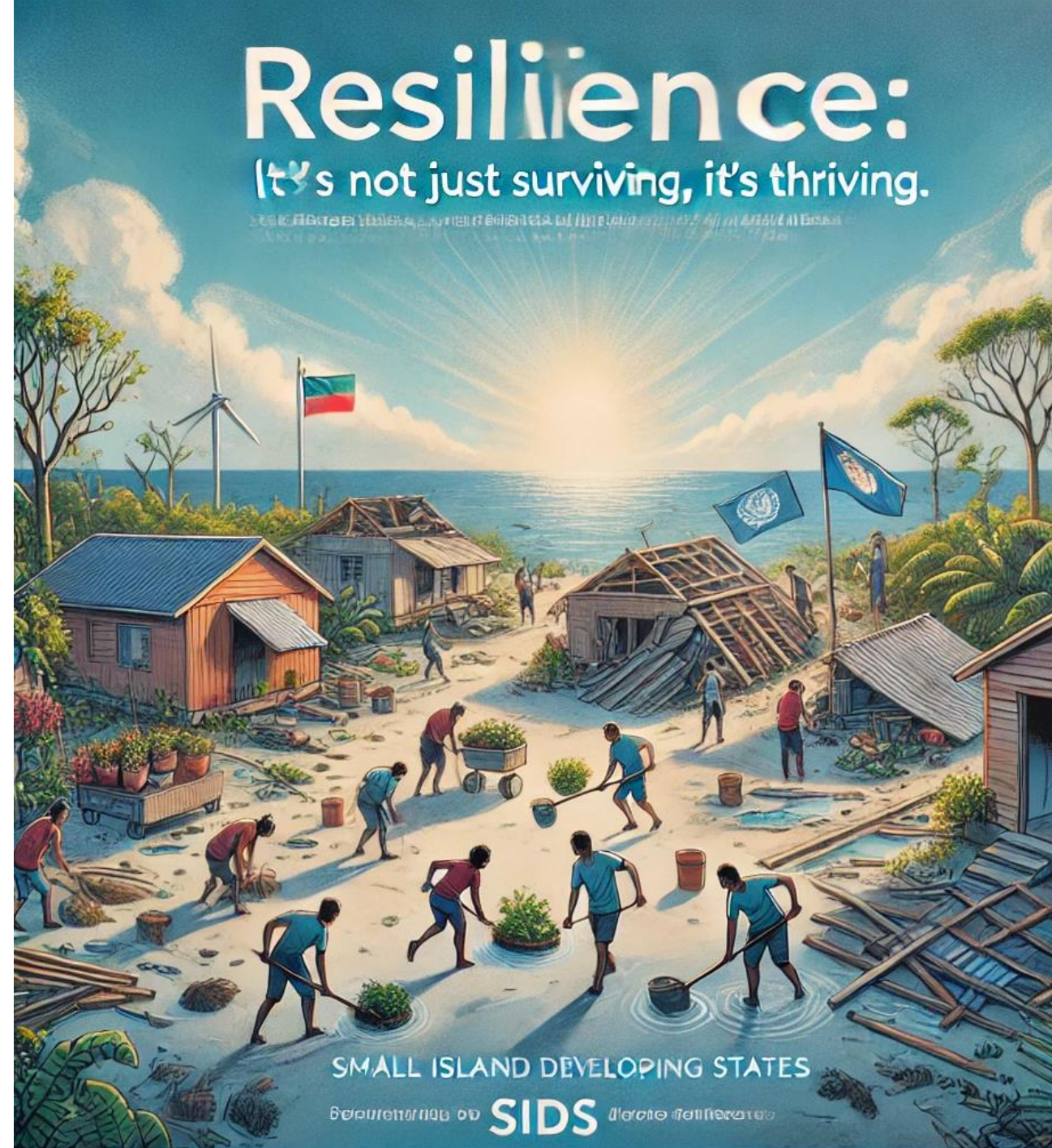


Resilience & Shared Prosperity

*Implications & Imperatives
for SIDS (Small Island
Developing States)*

*(Sassy Independent Determined
States)*



Thesis

- SIDS face unique vulnerabilities
- Resilience is not an option but an expensive necessity;
- Social Capital is our potential secret weapon, hence a need for shared prosperity; Financial Innovation is required!



Where are we?

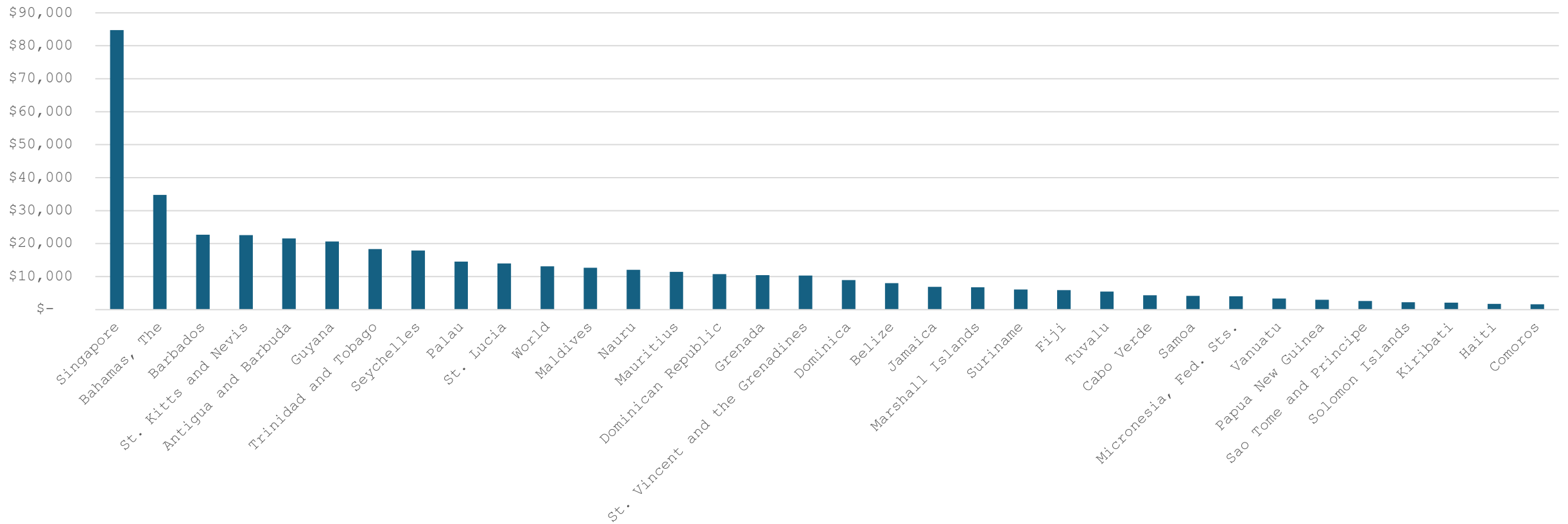
Economy & Society

- Output Per Person
- Human Development Index
- Real GDP Growth
- High Debt Levels
- Triple C Crisis



Output Per Person

Output Per Person 2023



Resilience

As defined by C.S. Holling in Resilience Theory (1973), resilience refers to a system's capacity to absorb shocks while retaining its core functions.

For SIDS, resilience encompasses our responses to environmental and economic disruptions, such as hurricanes, rising sea levels, global market shifts, and supply chain disruptions.



Economic Vulnerability & Resilience?

| Country Name | GDP Loss Financial Crisis | # of Years | 5 Years Pre-Crisis Covid | GDP Loss | # of Years |
|--------------|---------------------------------|------------|-----------------------------|----------|------------|
| ANT | -21.8 | 4 | 23.6 | -17.5 | 1 |
| BAH | -6.5 | 2 | 4.1 | -23.5 | 1 |
| BEL | -2 | 2 | 7.4 | -13.4 | 1 |
| BER | -23 | 7 | 3.6 | -6.8 | 1 |
| BDS | -10 | 6 | 4.3 | -13.5 | 2 |
| Dom | -2.8 | 1 | 2.5 | -16.6 | 1 |
| Dom Rep | 0 | 0 | 30.3 | -6.7 | 1 |
| GRE | -7.5 | 4 | 19.7 | -13.8 | 1 |
| GUY | 0 | 0 | 18 | 0 | 0 |
| HAI | -5.7 | 1 | 5.7 | -6.8 | 3 |
| JAM | -6.6 | 4 | 6.1 | -9.9 | 1 |
| SKB | -2.2 | 2 | 10.8 | -15.4 | 2 |
| SLU | -0.3 | 3 | 9.1 | -24.4 | 1 |
| T&T | -4.4 | 2 | -13 | -8.7 | 2 |
| SVG | -6.5 | 3 | 12.3 | -3.7 | 1 |
| MAU | 0 | 0 | 18.4 | -14.6 | 1 |
| SIN | 0 | 1 | 16 | -3.9 | 1 |
| World | -1.3 | 1 | 15.2 | -3.1 | 1 |

Shared Prosperity

- Amartya Sen's Capability Approach (1999) suggests that shared *prosperity* generally refers to the economic and social progress that benefits a broad segment of society, particularly focusing on improving the living standards of the less affluent and marginalized groups.



Shared Prosperity

Income Growth
of the Bottom
40%

Sustainability
and Equity

Human
Development

Social
Mobility and
Opportunity



Unique Challenges of SIDS

- Geographical Isolation
- Small Market Size and Limited Resource Base
- Economic Volatility
- Climate Vulnerability



Theoretical Underpinnings

- Vulnerability Theory
(Robert Chambers, 1989)
- Social Capital Theory:
Robert Putnam (2000)



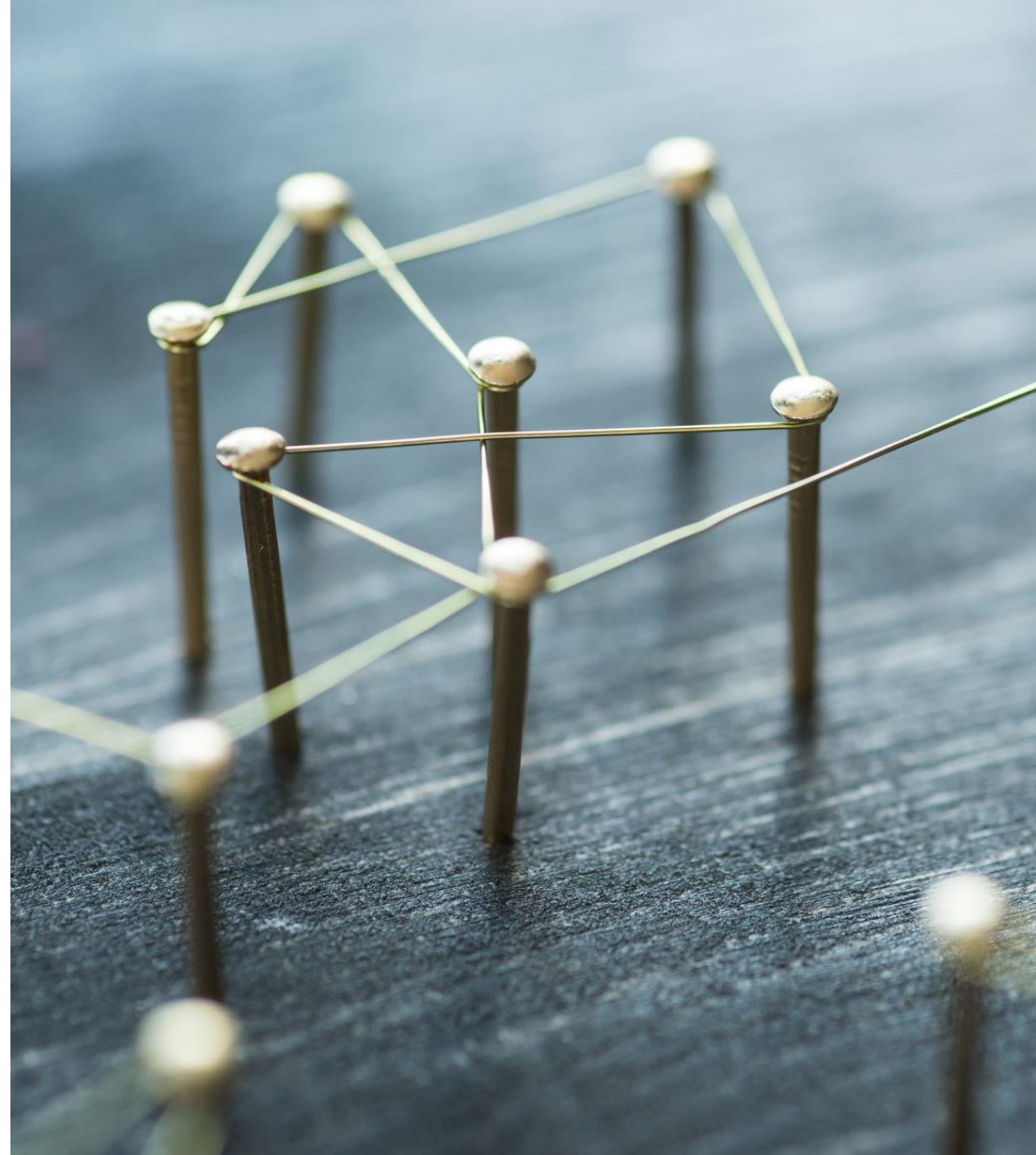
Vulnerability Theory

- Robert Chambers (1989) presented vulnerability theory, emphasizing that vulnerability isn't just about exposure to natural hazards but also structural weaknesses, like reliance on a single economic sector or limited access to external markets.
- In SIDS, our structural vulnerabilities are magnified. For example, a single major hurricane can wipe out a year's GDP or destroy critical infrastructure that takes years to rebuild.



Key Components of Vulnerability Theory

1. Exposure to Hazards
2. Capacity and Coping Mechanisms
3. Structural and Socioeconomic Factors
4. Sensitivity to Shocks and Stresses
5. Dynamic Nature of Vulnerability



Implications of Vulnerability Theory for Policy and Planning in SIDS

1. Risk Reduction through
Diversification
2. Building Community
Resilience
3. Addressing Socioeconomic
Inequality
4. Investing in Adaptive
Infrastructure



Social Capital Theory

- Popularized by Robert Putnam in his landmark book *Bowling Alone: The Collapse and Revival of American Community* (2000), explores the role of social networks, trust, and norms of reciprocity in building strong, resilient communities.
- Putnam's research argues that social capital is a powerful force that impacts economic performance, civic engagement, individual well-being, and community resilience.
- The theory emphasizes that when social capital is high, communities tend to be more resilient, cooperative, and better able to address collective challenges.

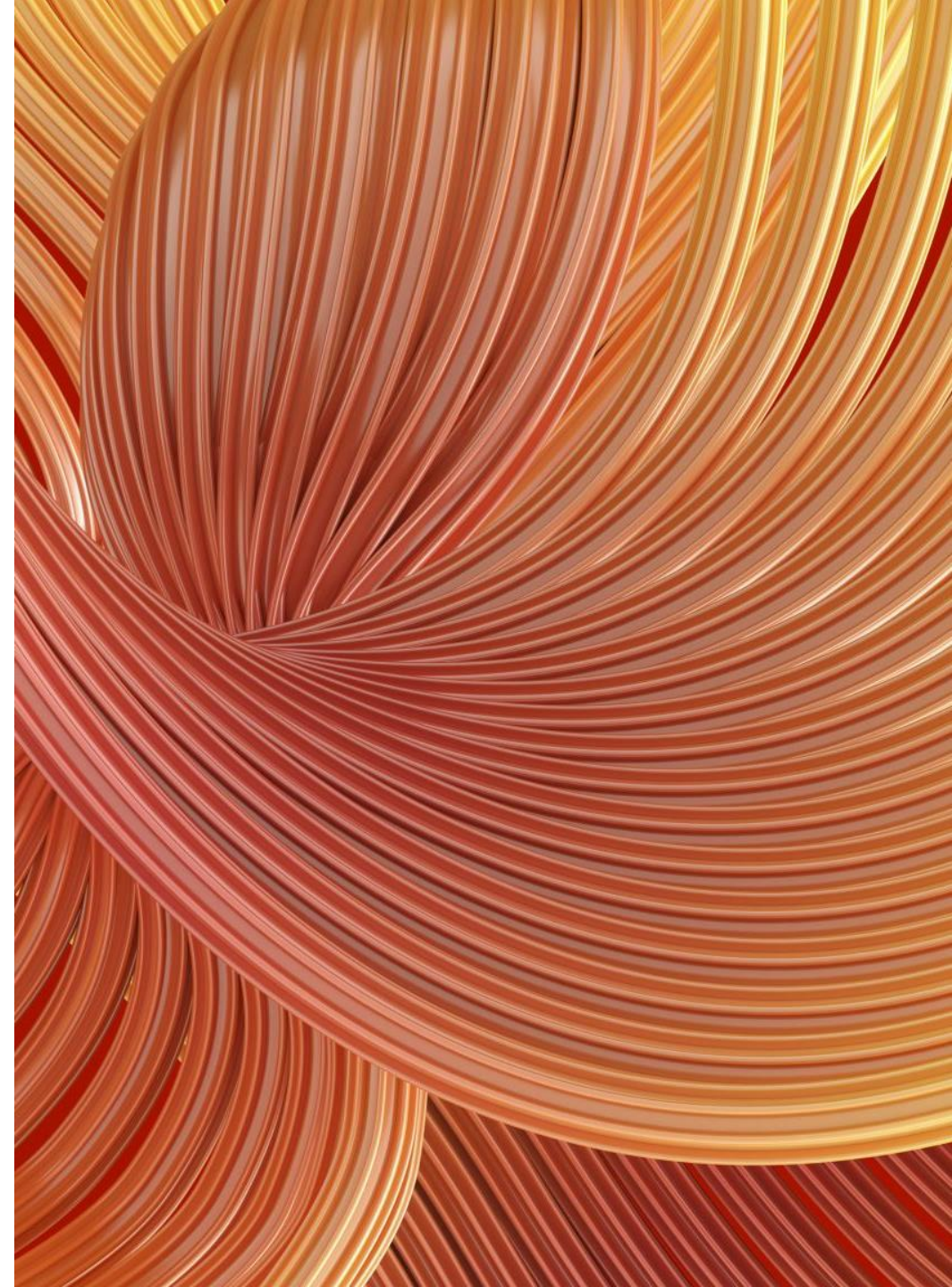
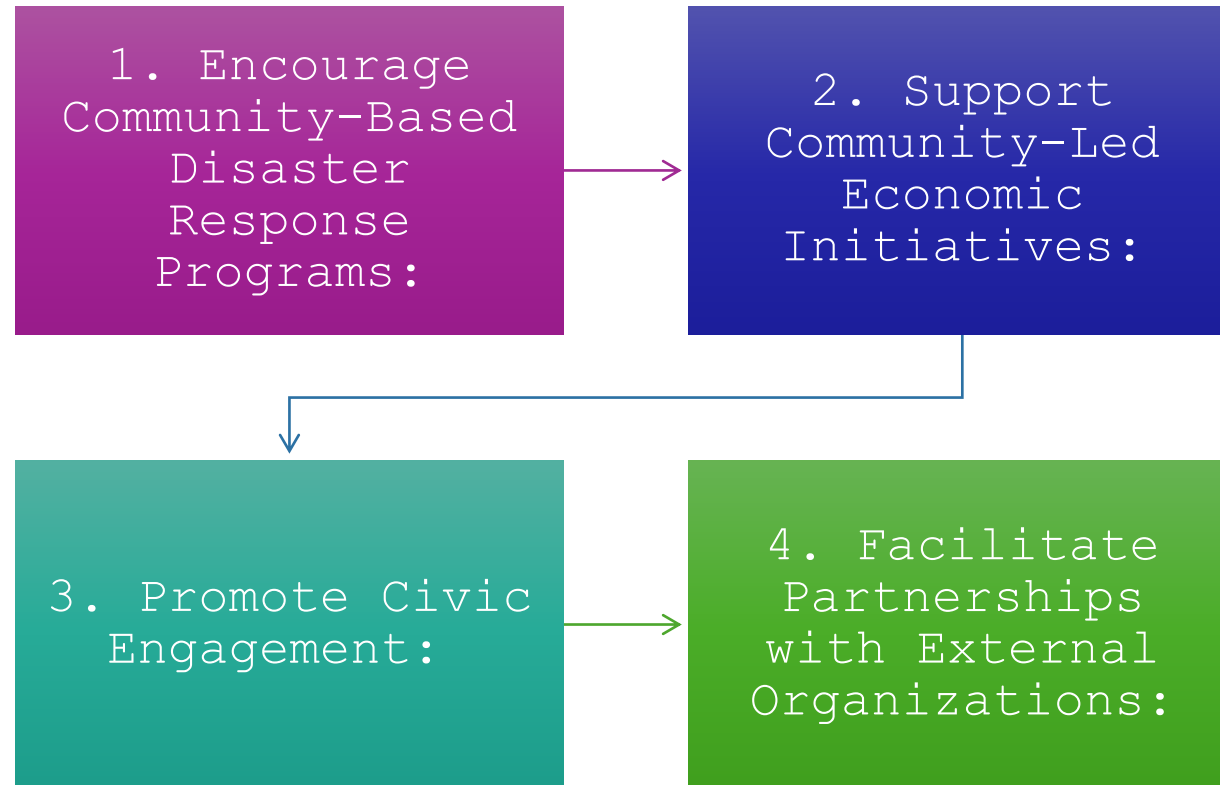


Key Components of Social Capital Theory

1. Bonding Social Capital
2. Bridging Social Capital
3. Linking Social Capital
4. Trust and Reciprocity
5. Civic Engagement and Participation



Implications for Policy and Planning



Policy Imperatives For SIDS

- Disaster Preparedness & Management
- Sustainable Energy Solutions
- Climate Adaptation
- Investing in Social Capital
- Education Reform
- Fiscal Discipline



Imperative #1: Disaster
Preparedness – Awareness,
Readiness and Rapid
Response

- Strengthen & expand early warning systems and disaster management capacity.
- Community/organization-based awareness and training programs



Imperative #2: Sustainable Energy Development –

- Fueling Resilience through Energy Independence
- Transitioning from imported fossil fuels to renewable sources will provide a degree of energy independence, reducing one source of economic volatility and vulnerability.



Imperative #3:
Climate
Adaptation:
Building for
Resilience

- Mandatory Climate-Resilient Building Codes:
- Timeline and incentives for Climate Resistant Property Adjustments



Imperative #4: Investing In Social Capital

- Policies Focused on the bottom 40% of Income Distribution
- Partnering with Civil Society to provide incentives for Civic Engagement and volunteering



Imperative #5:
Investing in
Human Capital!
Education
Reform

- **Universal Early Childhood Education:**
- **Skills and Problem Solving Emphasis**
- **Civic Engagement**
- **Focus on Outcomes & Accountability**



Imperative #6: Fiscal Discipline

- Clear policy anchor supported by legislation (Fiscal Rules)
- Independent Fiscal Council
- Money creation limits



Costly Transition!

- net-zero transition between 2021 and 2050 would cost about \$9.2 trillion annually on average, an increase of \$3.5 trillion annually.
- Half of global corporate profits, one-quarter of total tax revenue, and 7 percent of household spending.



Financial Solutions

- **Global Capital**
 - Multi-Lateral System
 - Philanthropic/Private
-
- **Local Capital**
 - Private
 - Philanthropic



Financial Reality Check for SIDS

- Unsustainable Levels of Public Debt & Limited Access to Global Capital
- Resilience and Shared Prosperity are often public goods
- Private insurance is often inadequate for Climate Risk in SIDS



SIDS Financing Criteria

- Low interest rates, extended maturities, moratoriums
- Off Government Balance Sheets
- Direct funding of projects through non-governmental vehicles
- Quasi-equity structures;



Financing Enablers

- Reform of multi-lateral institutions
- Innovative ways to clear government Balance Sheets
- Alternative institutional forms
- Innovative Financing Instruments



Global Multi- Lateral Financing

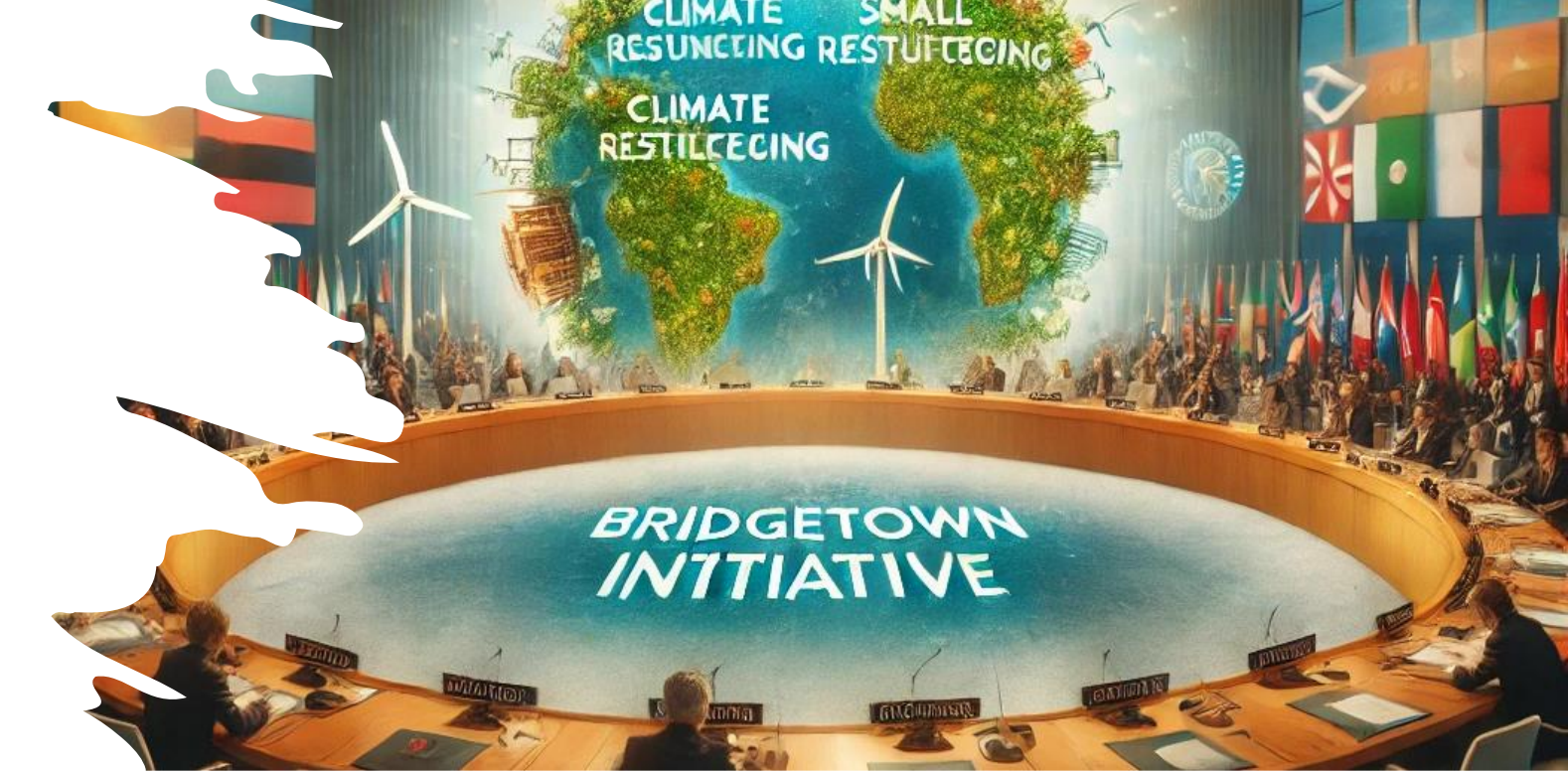
Critical Components of the Bridgetown Initiative

- Emergency Liquidity Access:
- Debt Restructuring and Sustainability:
- Climate Adaptation Funding (Unique Funding Challenges vs Mitigation Initiatives):



Bridgetown Agenda

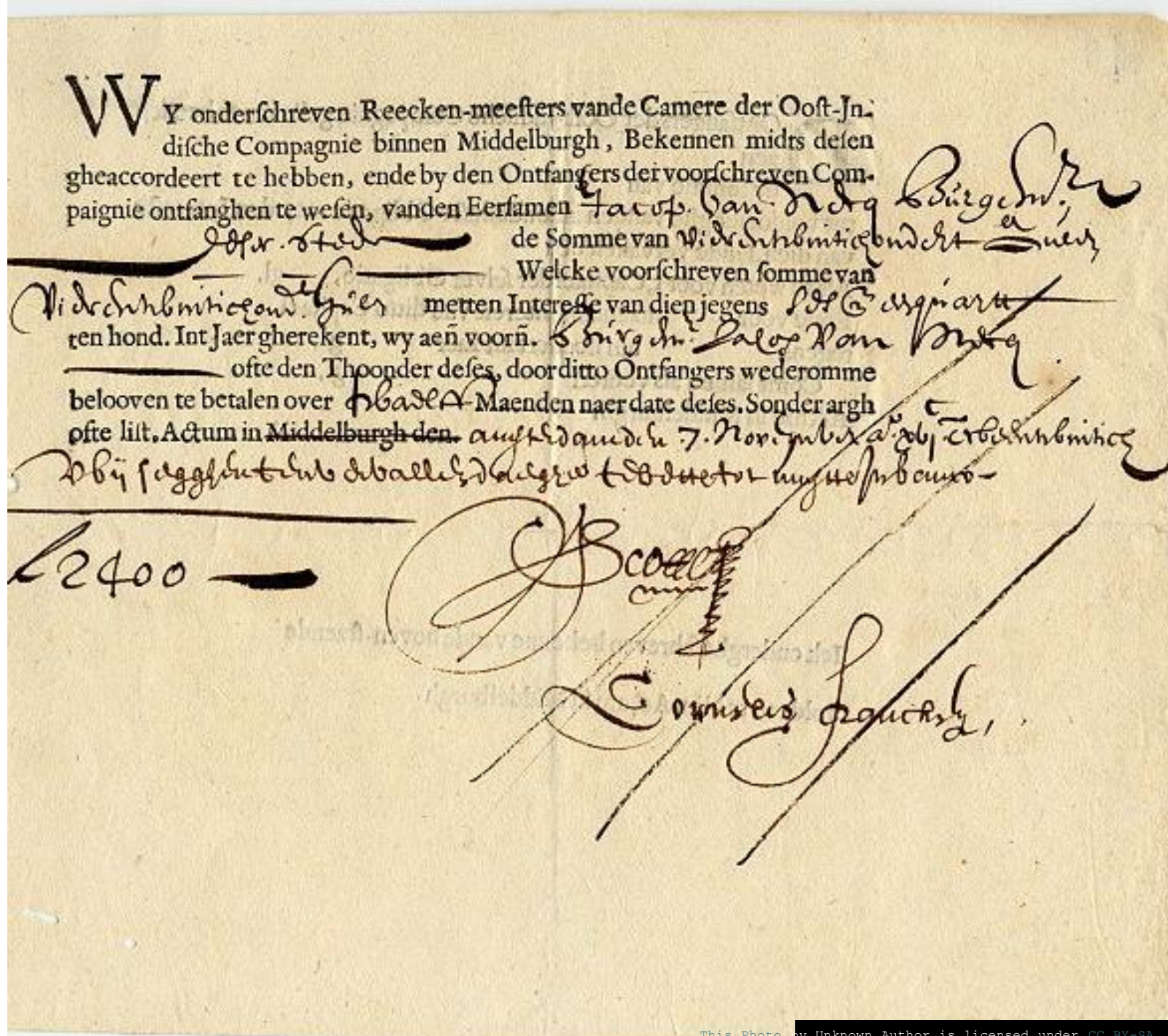
- Creation of a climate mitigation trust that would prompt the release of \$650bn from the IMF through a Special Drawing Rights mechanism.
- Providing climate-vulnerable countries access to low-interest, long-term loans for adaptation.
- Natural disaster clauses in all bank loans.
- Grants for loss and damage that would be funded by a 2% tax on fossil fuel exports, shifting the burden from the poorest people in the world directly onto the polluters.



➤ A 1648 Dutch
water bond

Perpetual

Non-
governmental



A 1648 Dutch water bond

- According the water authority, Yale's bond is one of five known to exist. The bonds were issued by the Hoogheemraadschap Lekdijk Bovendams, a water board composed of landowners and leading citizens that managed dikes, canals, and a 20-mile stretch of the lower Rhine in Holland called the Lek. (Stichtse Rijnlanden is a successor organization to Lekdijk Bovendams.)
- Yale's bond, written on goatskin, was issued on May 15, 1648 to Mr. Niclaes de Meijer for the "sum of 1,000 Carolus Guilders of 20 Stuivers a piece." According to its original terms, the bond would pay 5% interest in perpetuity. (The interest rate was reduced to 3.5% and then 2.5% during the 17th century.)



Further Multi-Lateral Financing Innovations (Climate Adaptation/Disaster Preparedness

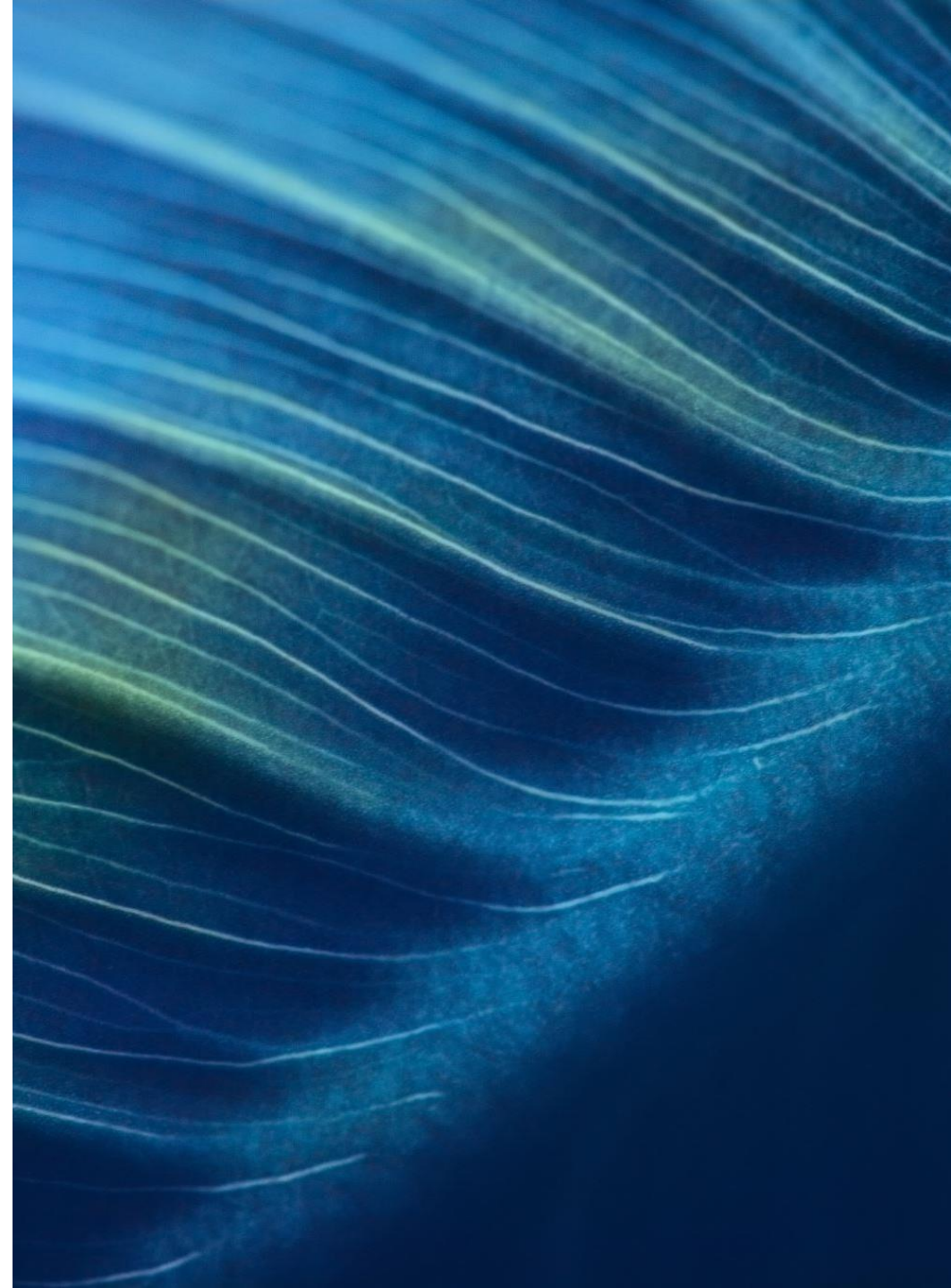
- Perpetual Bonds (Remove Roll-Over Risk for SIDS)
- Preference Shares (Address Debt to GDP Ratio Challenges



Organizational and
Governance
Innovations

Public Mutuals

Philanthropic
Trusts



Priority Policy Mix

- Invest in Disaster Preparedness and Management Capacity
- Invest in Renewable Energy ecosystem
- Mandatory Climate-Resilient Building Codes
- Universal Early Childhood Education
- Emphasis on Educational Outcomes and accountability mechanisms
- Incentives for Volunteerism and Civic Engagement
- Enabling framework and incentives for Public Mutuals & Philanthropic Trusts



Summary and Conclusion

- Achieving Resilience and Shared Prosperity is a complex equation that we must solve through Civic Engagement, Innovative Organizational and Financial Solutions and International Collaboration.
- Let's work towards an Island Future where Resilience and Shared Prosperity are a way of life.



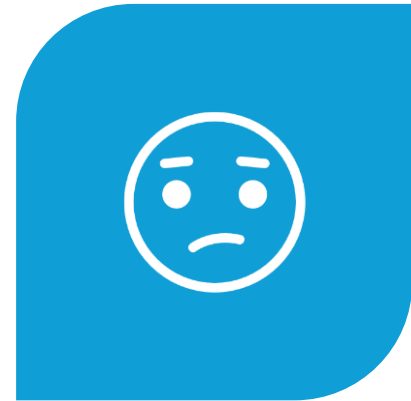
It's Your Turn!



WHAT'S THE GREATEST
CHALLENGE SIDS FACE
TODAY?"



"WHICH POLICY
IMPERATIVE DO YOU
BELIEVE IS MOST URGENT?"



WHAT HAVE I MISSED?

Thanks, and
any
questions,
please!

