

**Keynote Speech by
UN Special Envoy for the Ocean, H.E. Peter Thomson
at the High-Level Conference, Financing the Resilience of SIDS
Antigua & Barbuda, 21 May 2018**

Excellencies,
Ladies and Gentlemen,
All courtesies observed,

At the outset let me thank the host and organizers the Government Antigua and Barbuda, the Kingdom of Belgium and UNDP's Center of Excellence for the Sustainable Development of SIDS, which I understand is based in Aruba. Congratulations on organizing this topical and timely event. Especially thank you for inviting me to speak here on this jewel of an island. I last visited in 1969 and had almost forgotten just how beautiful this place is.

I recognize that we have gathered here to consider how to best finance the resilience of our islands, and in doing so to consider how to move forward in realizing the unique business potential and business risks of the Ocean space in which we exist. I applaud that theme, because as you know, as the Special Envoy, I am charged with promoting the implementation of Sustainable Development Goal 14, the Ocean goal. As you also know, SDG14's overall aim is to conserve and sustainably use the Ocean's resources; in other words to establish the right balance between protection and production so that sustainable development will be the inheritance we pass to the generations that will follow us in our islands.

As one of those who fought for the existence of SDG14, I can attest that the goal's reference to "sustainably using" is inherently directed at the Sustainable Blue Economy, the global growth opportunity now exercising so many keen business minds as the responsible way ahead.

The challenge I see for us here today is thus to frame the building of resilience as a business and partnership opportunity that through funding and intelligent investments will bring revenue to the lasting benefit of our islands and their inhabitants.

We are all aware of the long-standing special development challenges confronted by Small Island Developing States, added to which we now have the 21st Century's great existential threats of climate change and the declining health of the Ocean. This then is the juncture in history when we must direct our efforts to reinvigorate the international policy debate around Financing the Resilience of SIDS, this is the time when we must transition to a truly Sustainable Blue Economy.

Excellencies,
Ladies and Gentlemen,

The Ocean has shaped my life, from the time of my beginnings in the outer islands of Fiji, to my appointment last year as the UN Secretary-General's Special Envoy for the Ocean. Like millions of others before me, taking sustenance and succour from Neptune's world, we know

there is so much for which we should give thanks. And yet, over the intervening decades of my life, a quickening cycle of decline has been brought upon the health of the Ocean by the ever-accumulating effects of harmful human activities.

The Ocean covers half the Earth's surface, is the planet's largest biosphere and is home to over 80% of life on Earth. The Ocean generates 50% of the Earth's oxygen, and absorbs 25% of all CO₂ emissions and 90% of the additional heat generated from those emissions, making it the largest carbon sink on the planet.

But now the Ocean is in trouble and needs our help. 85% of global fish stocks are either over-exploited or fully exploited; warming seas are causing widespread destruction of coral reefs and changing the nature of life in the ocean. \$23 billion worth of fish is being illegally caught every year, ending up as stolen goods on our dinner plates, while 100 million sharks are killed each year just for their fins, causing great disturbance to the Ocean's ecosystem. Rates of acidification and deoxygenation are continuing to rise, putting further stress on life below the surface. All the while we pollute our coasts and our Ocean blue with unconscionable levels of pollution, led by the plague of marine plastic pollution.

Alarmingly, many 'business as usual' trajectories forecast a catastrophic long-term economic and environmental outlook; one that would result in immeasurable harm for people and planet. Increasing demand for resources, coupled with technological advances, the effects of climate change, loss of biodiversity and habitat, along with inadequate scientific knowledge, stewardship and law enforcement, all paint a gloomy picture if apathy or indifference is to be our chosen path.

Obviously that cannot be so. Those who care for the wellbeing of future generations, and that of course is the great majority of us, have the urgent responsibility of setting matters right. Thus we must keep to the task of building resilience at individual, community, institutional, national, regional and international levels with renewed fortitude. We must always accept that innovation and partnership will be key, with the private sector, civil society and the scientific community's full involvement absolutely essential to our success.

To restore a healthy Ocean and ensure SIDS fully benefit from the implementation of the SDGs, we should never underestimate the power of the Sustainable Blue Economy. This economy will be the means by which the current and future resources of the Ocean provide for the sustainable economic development of all SIDS. Thus, going forward, we should treasure the principle of sustainability and ever have the health of the Ocean at the core of our national, regional and international plans.

Given the increasingly abundant scientific evidence concerning marine ecosystem health and its significant deterioration, it is a serious concern that not all actors and countries are embracing the need for greater Ocean action. I submit to you that all SIDS have a deep interest in persuading the nay-sayers to get on board. We have significant voting rights in the halls of international decision making, and with Ocean's health of such central importance to us, the old adage of friends in needs being friends indeed should be applied with great emphasis. Together in representation and shared intent, the SIDS present a formidable force in the international field.

Excellencies,
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Study after study have confirmed that available financing for the purpose of building resilience in SIDS has in practice been limited and difficult to access, exacerbated by a large number of actors scattered in a complex global architecture of funds and funds providers.

Some of the larger and more global of these are the World Bank, the Global Environmental Facility, and the more recent Green Climate Fund and Adaptation Fund.

Institutional reform can only work if it is tailored to the local context, and the way forward is not through preconceived models, but through experimentation and adaptation. Indeed, this is a lesson not lost on the GEF, GCF or the Adaptation Fund, which place strong emphasis on working with local governments and peoples.

We need reform in the international development space. Developing countries have been told to improve their institutions by copying the institutions of developed countries as quickly and as thoroughly as possible. We have learned this approach often results in superficial change. Mimicking institutional devices cannot replace profound changes in basic operational norms of how the governance in developing countries tries to resolve real problems.

We have an opportunity now to get it right through our global Ocean agenda because we have relatively little historical baggage to deal with. Let's do it!

Excellencies,
Ladies and Gentleman,

Latest statistics have highlighted that concessional finance directed to SIDS has been shrinking in aggregate terms. Eligibility for such financing, which currently is determined by a *per capita income* classification, often disadvantages SIDS, in particular, the Least Developed SIDS that are graduating to middle income status.

This is why in response to its Member States requests, UNESCO's Executive Board last November requested UNESCO's Institute for Statistics to, and I quote, "apply to its field data for UNESCO development programmes a disaggregated level of data for development indicators relating to Small Island Developing States, in order to facilitate better understanding of the impact of the categorizations of SIDS as developed and developing, and high, middle and low income, and to more adequately reflect the specificities of SIDS, taking account of the islands' vulnerabilities linked to limitations of size and resources, economies of scale, indebtedness, external economic shocks and natural hazard occurrences." End of quote. UNESCO recognizes that categorization is an important issue for SIDS and is collaborating with other UN agencies to investigate possible ways forward in assessing the vulnerability of SIDS.

Recent trends have also highlighted that greater concessional resources for climate and disaster resilience tend to be provided in the wake of major disasters and then progressively fade away; while countries that have not recently experienced large disasters may struggle to

receive resilience funding. This does not follow the UNISDR logic of disaster risk reduction and thus prevention, which is vastly less expensive than post-disaster recovery. Of course when disasters do strike us, which they are doing with increasing ferocity and frequency, it is our responsibility to have the “Build Back Better” principles guiding all our efforts.

Excellencies,
Ladies and Gentlemen,

We consider the future of the new Ocean economy in the knowledge that the Ocean is already a significant generator of wealth. One recent report by World Wildlife Fund estimated that the value of key Ocean assets is \$24 trillion, with an annual value of goods and services at \$2.5 trillion (about 5% of global GDP and the seventh largest economy). All the while we see that coastal nations around the world have been actively developing Ocean economic growth agendas. However, not all are embracing principles of sustainability or have the ongoing health of the Ocean as an essential element of their agendas, often to the great detriment of the interests of SIDS. We must stand together against such unsustainable moves against our common heritage.

It is sobering to consider that \$90 trillion of infrastructure investment is anticipated to occur in the next twenty years. While this will no doubt provide great opportunities for investment in SIDS, particularly through the Sustainable Blue Economy, we will have to be vigilant that such development does not have a negative impact on the integrity of our marine ecosystems or on our efforts to reduce the carbon emissions that lie at the heart of our problems.

If we are to be true stewards of our islands, all investment and financing into SIDS should be required to ensure that it is environmentally sustainable, socially inclusive and equitable.

Not only should the sustainability approach be required in the immediately obvious sectors of fisheries or coastal tourism, but also in terms of the many interactions and trade-offs between sectors and investments that should be clearly established from the outset. For example, investments in fisheries infrastructure, such as ports and vessels, should be predicated upon sound fisheries management, policies and practices. Here the FAO’s Port States Measures Agreement springs to mind and I once again urge all member states to sign up to it in the overall interests of global fish stocks. Other sectors of the marine economy such as aquaculture, marine energy and off-shore developments must be part of a broader strategy, building in marine spatial planning and environmental impact assessments..

Excellencies,
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A recent study carried out by OECD shows that access by SIDS to greater and more effective financing have been constrained by factors such as:

- (i) over reliance on a single finance provider, thereby exacerbating financing vulnerability;
- (ii) fragmentation of financing across a large number of projects, leading to high transaction costs;

- (iii) limited sector-wide approaches and budget support, which can create an unfortunate cycle whereby the limited use of these financing modalities contributes to perpetuating low capacity, with implications for the effectiveness and sustainability of investments; and
- (iv) low predictability of funding, which constrains the ability of SIDS to take more comprehensive and forward-looking steps to reduce vulnerabilities and increase resilience over the long term.

I wish to also mention that many SIDS present special and in some cases longstanding debt sustainability challenges, with high levels of debt especially evident in the Caribbean. The problem is severe but is often overlooked, due in part to the higher per capita incomes enjoyed by many SIDS when compared to other developing nations.

Furthermore, a recent study by UNDP identified at least 57 debt restructuring operations in 17 SIDS over the last 40 years, suggesting that the problem is not one of 'isolated' or 'exceptional' cases but is much more deep-rooted and systemic.

As I've already stated, now is the opportune juncture to reinvigorate international policy debate around Financing the Resilience of SIDS. We can see a number of recommended solutions coming in with the tide that are worthy of our deeper inspection, including:

- (i) revisiting the eligibility criteria for concessional finance from multilateral and bilateral lenders;
- (ii) piloting innovative financial instruments designed to reduce risk and support effective debt management, such as GDP-indexed official sector loans and countercyclical loans; and
- (iii) the use of initiatives such as debt-for-climate or debt-for-nature swaps (such as we see in the Seychelles, where they are on the cusp of the an innovative 'Blue Bond').

Let us accept that that the insistence on SIDS resolving their indebtedness problems themselves, through fiscal retrenchment and seeking debt restructuring with individual creditors on an ad-hoc basis is outdated and should be consigned as an unworthy practice device of the past.

The evolving global development financing landscape presents many opportunities for SIDS in the future. Since the vulnerability to shocks is unlikely to diminish for SIDS, these opportunities must be made meaningful. The success of our work to tackle the effects of climate change will profoundly impact our development trajectories, thus the flows of global development finance into our resilience building projects must be made to sit high on international agendas.

In this regard, the case for revisiting eligibility criteria for concessional finance from multilateral and bilateral lenders is strong. Specifically, the proposed basket of indicators that could be used to determine the most appropriate financial instruments and levels of concessionality for different countries should include:

- (i) income per capita;

- (ii) vulnerability to shocks;
- (iii) capacity to mobilize domestic and international finance;
- (iv) level of debt;
- (v) social indicators; and
- (vi) the types of programme being funded.

More work is needed to operationalize this proposal, but this fresh approach could be extremely important to SIDS, and no doubt your governments are giving appropriate attention to these indicators. They could indeed be the mortar that will secure the necessary building blocks for a robust Sustainable Blue Economy for us all.

Excellencies,
Ladies and Gentlemen,

At the UN Ocean Conference held last year in New York, we witnessed a great coming together of governments, science, civil society, NGOs, and the private sector. Global consciousness was raised on Ocean change and the need for Ocean action, and since that time we have seen a massive surge in action to address the decline in Ocean's health. SIDS should be very proud of the Ocean Conference, for though it was swept into being by international consensus, its formative energy came from the SIDS.

More than 1400 Voluntary Commitments were made at the Conference in support of SDG 14 implementation. Following detailed analysis of these commitments, UN DESA launched nine Communities of Ocean Action to drive forward and assist the realization of these commitments. Each community is headed by globally respected thought-leaders, many of whom are heads of international organizations. Results of the work of the Communities of Ocean Action will be taken forward to the next UN Ocean Conference, which we expect to take place in Lisbon in the first half of 2020, co-hosted by the governments of Kenya and Portugal. 2020 is of course the year in which 4 of SDG14's 10 targets mature. We are therefore in a sprint, not a long distance race.

I am pleased to report that many of the voluntary commitments have already been implemented, and that more are being made as we progress towards 2020. Any new voluntary commitment automatically places the organization involved into a relevant Community of Ocean Action. I would urge all of you to engage with these communities, details of which you can find on the website oceanconference.un.org.

If the Sustainable Blue Economy is of particular interest as you move forward with your resilience and financing agendas, you will find the support of fellow travellers in the Community of Ocean Action for the Sustainable Blue Economy. The Community of Ocean Action on the Sustainable Blue Economy is headed by USG Zhenmin Liu of UN DESA and Andrew Steer, President of the World Resources Institute, who have appointed sherpas who would be pleased to engage with you. Through that engagement you will have an impact on the shape of the outcome, actions and decisions that will be taken at the 2nd UN Ocean Conference in 2020.

Excellencies,

Ladies and Gentlemen,

A couple of weeks ago not so far from here, on the island of Bermuda, I spoke to the global insurance industry. They were assembled at the first Ocean Risk Summit and were assessing Ocean-related risk and the opportunity for their industry to be part of the solutions. In my address to the Summit, I said the warning hooters have already sounded for the marine and maritime industries, and that as with terrestrial choices, the future will favour those who invest boldly in the cleaner, greener future that is called for by the great majority of human kind.

This is also my message today. It is clear to me that we in the SIDS can again be the catalysts for enhanced Ocean action. It behoves us as nations surrounded by the sea to be in the vanguard of the fight to reverse the cycle of Ocean's decline. We must be the standard bearers for the achievement of the Sustainable Blue Economy, and we should be adamant that science and the business sector are our inseparable partners in the long march ahead.

If our message is unequivocal, I believe the Sustainable Blue Economy and the building of resilience in the SIDS will attract substantive flows of financial investment to our nations from a wide range of investors augmented by philanthropic funding.

All my findings within the UN system in relation to the development and implementation of the SDGs, has underlined the view that profitability and sustainability go hand in hand. Look into the future, envision where and how the next waves of economic growth will occur, and it is self-evident that the Sustainable Development Goals are both good for SIDS and good for business.

As a colleague put it to me the other day, Ocean's health equals economic health, equals human health. In closing my words to you today, I repeat the message that in SDG14 we have a plan to build resilience and safeguard Ocean's health. The fundament of that plan is that if we are going to succeed in implementing it, as succeed we must, then staying true to the Paris Climate Agreement and to the Sustainable Development Goals is demanded of us all. Safeguarding the Ocean needs both of these universal agendas to be pursued with heightened ambition, with no surrender to the short-sighted nay-sayers, and with a renewed sense of respect for the rightful balance between production and protection.

Excellencies,
Ladies and Gentlemen,

Our children and our grandchildren are watching us. We shall not let them down. I wish you all a stimulating time over the next two days and every success in your good work ahead.

And I thank you for your kind attention.