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## **IFAD Strategy for Engagement in Small Island Developing States 2022–2027**

### **Note to Executive Board representatives**

#### Focal points:

#### Technical questions:

**Nigel Brett**  
Regional Director  
Asia and the Pacific Division  
Tel.: +39 06 5459 2516  
e-mail: n.brett@ifad.org

**Abdelkarim Sma**  
Lead Regional Economist  
Tel.: +39 06 5459 2500  
e-mail: a.sma@ifad.org

#### Dispatch of documentation:

**Deirdre Mc Grenra**  
Chief  
Institutional Governance and  
Member Relations  
Tel.: +39 06 5459 2374  
e-mail: gb@ifad.org

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**For: Approval**

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## Executive Summary

1. The proposed strategy reflects IFAD's ambition to accelerate progress towards inclusive and sustainable rural transformation through its engagement with small island developing states (SIDS).
2. The strategy aims to guide the design and implementation of IFAD-supported interventions that appropriately address the development challenges that SIDS face.
3. The strategy highlights the unique vulnerabilities and development challenges in SIDS because of their small size, remoteness, limited resource base and exposure to climate and natural disasters. It also discusses the implications of these challenges for designing impact-oriented investments.
4. The strategy is informed by the SIDS' country-specific and collective policy and institutional frameworks, key among them the SIDS Accelerated Modalities of Action (SAMOA Pathway). In addition, the strategy's formulation builds on the lessons gathered from past and ongoing IFAD engagement, as well as the experiences of other agriculture and rural development actors in SIDS.
5. Three strategic objectives are proposed to anchor IFAD's engagement in SIDS: (i) promote sustainable, nutrition-sensitive and inclusive food systems; (ii) promote rural non-farm employment and the development of micro, small and medium-sized enterprises; (iii) strengthen resilience of rural households and agricultural production systems to environmental and climate change.
6. The implementation of the strategy will emphasize the **efficiency**, effective **partnerships** and accelerated **impact** of IFAD's interventions through:
  - A new adaptive programming approach moving from a country to regional focus;
  - Enhanced resource mobilization to support investment in the rural areas of SIDS;
  - Improved in-country presence and policy engagement; and
  - Strengthened partnerships and enhanced coordination.

## Recommendation for approval

The Executive Board is invited to review and approve the proposed IFAD Strategy for Engagement in Small Island Developing States 2022–2027.

### I. Introduction

1. IFAD's enhanced business model aims to accelerate development impact in the run-up to 2030, and to ensure that no region is left behind on the path to inclusive and sustainable rural transformation. The Fund's proposed strategy translates IFAD's overarching ambition in its engagement with small island developing states (SIDS). Covering the 2022–2027 period, the strategy aims to guide the design and implementation of IFAD-supported development interventions so that they appropriately address SIDS' development challenges.
2. The document builds on the lessons learned from previous and ongoing IFAD projects and programmes. IFAD's engagement has evolved through three distinct phases: (i) the period before the SIDS Accelerated Modalities of Action (SAMOA Pathway), when the Fund engaged with SIDS without explicit regional differentiation; (ii) 2014–2021, when the Fund's involvement in SIDS<sup>1</sup> was guided by an approach paper highlighting thematic anchors for its interventions; (iii) post-2021 period, which positions IFAD for greater impact through a dedicated SIDS strategy with enhanced forms of engagement.
3. Through these phases, IFAD sought to meet the needs of smallholder farmers and rural poor households in the SIDS in terms of international development finance. The present strategy is a continuation of the Fund's previous decision to accelerate the impacts of its programme interventions in line with the commitments of the Twelfth Replenishment of IFAD's Resources (IFAD12).

Box 1

#### What are small island developing states?

SIDS are a group of 58 countries and territories (38 are United Nations Members) while the rest are non-United Nations Members or Associate Members of Regional Commissions, as classified by the United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States.

IFAD's Membership includes 38 SIDS (36 United Nations Members and 2 non-United Nations Members: Cook Islands and Niue). The latter are the only states that participate in United Nations specialized agencies such as IFAD without being United Nations Members.

SIDS are generally clustered into three regional subgroups: (i) SIDS in the Atlantic, the Indian Ocean, the Mediterranean and the South China Sea; (ii) Caribbean SIDS; and (iii) Pacific SIDS.

### A. Changing rural development landscape and evolving challenges in SIDS

4. SIDS are a distinct group of developing countries that share common characteristics and challenges: small size, remoteness (relative isolation and connectivity problems), insularity (high sensitivity to external shocks), ocean-related issues (receding land area) and diminishing freshwater. SIDS also face problems of balance of payments, dependence on imported fossil fuels, and food supply and nutritional insecurity. Achieving IFAD's objectives in SIDS will ultimately depend on economic growth and improved balance of payments.
5. Despite their similarities, SIDS are very diverse, with marked differences in population size, national and per capita income, land area, remoteness, debt burden, regional priorities and development context. Although many SIDS have relatively high GDP per capita (driven by tourism and diaspora remittances), their economies are fragile and vulnerable to external shocks, natural disasters and climatic events.

<sup>1</sup> IFAD (2014) IFAD's approach in Small Island Developing States: a global response to island voices for food security.

6. In most SIDS, the agricultural sector and its associated value chains have not developed on par with other economic sectors. As a result, most SIDS import over 60 per cent of their food, putting increasing strain on foreign exchange.
7. The shift over time from domestically produced food to imported, energy-dense, processed foods has degraded nutrition and increased the prevalence of noncommunicable diseases (NCDs). On average, the SIDS in the Caribbean and the Pacific spend 20 per cent of their total export earnings to import food, in contrast with a global average of 5 per cent. SIDS have high rates of nutrition-related death and disability.
8. Due to limited economic and livelihood opportunities, unemployment is high, especially among youth (reaching about 25 per cent in some cases), resulting in migration to other countries.

## **B. COVID-19 and its implications for agriculture and the economy**

9. Given SIDS' geographical isolation, the COVID-19 pandemic has disrupted many islands' food supply chains and amplified existing vulnerabilities. The unprecedented economic downturn in SIDS as a result of COVID-19 highlights their extreme vulnerability to external shocks. In 2020, GDP in SIDS shrank by 4.7 per cent compared with 3 per cent globally, making the pandemic the worst economic shock in recorded island history.
10. Reflecting their level of dependence on bigger economies, the impact of the pandemic is more pronounced in some islands than others. Across SIDS, the economic downturn is projected to worsen rural poverty and diminish the islanders' capacity to withstand natural disasters and environmental degradation.
11. Specific impacts include: (i) reduced income from tourism and related services; (ii) disruption of food supply chains and increased wastage of locally produced food due to the closure of restaurants and hotels; (iii) sharp decrease in diaspora remittances; and (iv) reduced development financing options. Further details are presented in annex III.

## **C. SIDS' own collective policy and institutional frameworks**

12. In 2014, the United Nations initiated the SAMOA Pathway as the key framework for sustainable development in SIDS. A midterm review of the Pathway's implementation in 2019 noted that while some progress has been achieved, many gaps remain and achievements differ between countries. The review recommended enhanced partnerships between SIDS and the international community.
13. Other frameworks and policies that are important to the development in SIDS include:
  - Paris Agreement on climate change, adopted in 2015, sets specific targets and commitments to reduce greenhouse gas emissions and to strengthen those commitments over time.
  - Addis Ababa Action Agenda financing: a United Nations framework to align development financing inflows with economic, social and environmental priorities to support the implementation of Agenda 2030.
  - The Multidimensional Vulnerability Index for SIDS (MVI):<sup>2</sup> seeks to (i) identify key sources of vulnerability in SIDS; (ii) understand to what extent structural vulnerability impedes progress towards achieving the Sustainable Development Goals (SDGs); and (iii) define appropriate financing mechanisms and development pathways for each SIDS category.
14. Initial MVI results indicate that SIDS are more vulnerable than other regions. They also highlight that SIDS subregions face different types of vulnerability, implying

<sup>2</sup> MVI is a framework with a comprehensive index for tracking structural vulnerabilities that hinder countries from achieving sustainable development.

that each one requires different types of financing mechanisms and development pathways to support sustainable development.

15. In alignment with the above frameworks, IFAD has responded actively by initiating an interdepartmental working group on SIDS, developing a formal document that guided its engagement in SIDS from 2014 through 2019, and producing a strategy document for engagement in countries with fragile situations.<sup>3</sup> IFAD has also developed fully fledged country strategic opportunities programmes (COSOPs) for some larger SIDS, and country strategy notes (CSNs) for smaller ones, to coordinate the Fund's interventions in the respective countries.

## **II. IFAD current engagement with SIDS**

16. Since 1978, IFAD's total investment in SIDS is estimated at over US\$500 million in 23 countries across 78 projects. IFAD has benefited more than 5,000,000 individuals, including smallholder farmers, rural dwellers and fishers. Doing business in SIDS is less cost-effective than in bigger economies and SIDS' capacity to absorb financing is relatively limited. Additionally, there is low technical ability to implement development projects.
17. IFAD allocates resources based on needs and performance, allowing for different levels of concessionality based on development success. The percentage of funds flowing to SIDS from IFAD's performance-based allocation system (PBAS) has varied slightly in each replenishment cycle,<sup>4</sup> with 3 per cent in IFAD7, 4 per cent in IFAD8, 5 per cent in IFAD9, 4 per cent in IFAD10, and 3 per cent in IFAD11. Mindful of the need to overcome those limitations, IFAD has been forging new, and nurturing existing, partnerships in SIDS.
18. The Fund's comparative advantage in SIDS derives from the knowledge and expertise it has gained from over four decades of operations. IFAD has technical competence and experience in the three objectives proposed in this strategy, specifically: (i) mainstreaming gender, youth, nutrition and climate change into rural investment programmes; (ii) developing small-scale approaches to renewable energy (SIDS do not attract the needed investment in renewable energy because of economies-of-scale and cost-effectiveness issues); and (iii) implementing climate change programmes (e.g. the Adaptation for Smallholder Agriculture Programme).

### **A. Key lessons from IFAD's engagement in SIDS**

19. A review of the SIDS portfolio was undertaken to inform the formulation of this strategy (see appendix III for details). Key lessons included:
  - (i) The cost-effectiveness of doing business in SIDS is relatively low due to the small size and geographical isolation of the islands. Better targeting, reaching economies of scale by pooling funds from multiple sources, as well as digital tools to improve operational efficiency, are critical.
  - (ii) Coordination between humanitarian and development interventions is a prerequisite for impactful engagement in fragile SIDS.
  - (iii) Participatory needs assessment is essential in designing programmes to ensure their relevance, and improve participation rates of targeted beneficiaries. Projects should be realistically planned (avoid being over-ambitious) taking account of available implementation capacities and of the logistical complexity of coordinating interventions across multiple islands. Substantial resources should be earmarked for building national capacity, both technical and managerial, to improve project implementation in SIDS.
  - (iv) Public-private partnership models (e.g. Belize Rural Finance Programme) are effective in facilitating access-to-finance programmes in SIDS. Such

<sup>3</sup> IFAD (2016) IFAD strategy for engagement in countries with fragile situations.

<sup>4</sup> This variability is a reflection of the country selectivity criterion limiting the number of countries entering successive IFAD lending cycles as per replenishment commitments.

programmes should find out the context of target beneficiaries. Additional work is needed to support local financial institutions to develop more farmer-friendly rural financial services.

## **B. Key lessons from United Nations agencies and partners' engagement in SIDS**

20. In the preparation of this strategy, the approaches of several United Nations and international agencies were reviewed. The exercise reveals that there is significant overlap between the experience of IFAD and other actors regarding lessons learned in engaging with SIDS. Other specific lessons from partners are:
  - (i) Formal strategy documents for engagement in SIDS are essential. Many United Nations agencies and international financial institutions (IFIs) have developed such documents, or are in the process of doing so, to guide their interventions.
  - (ii) Several United Nations agencies and IFIs have started to adopt a flexible, multi-country programme approach to address needs and priorities in concert with political and economic regional bodies.
21. Highlights of the approaches of selected United Nations and development partners' engagement in SIDS are presented in appendix II.

## **III. Way forward – IFAD's vision and strategic objectives**

22. Taking into account the concentration of extreme poverty and food insecurity in most SIDS and the target date for the Sustainable Development Agenda, the Fund's vision is to increase engagement and accelerate its impact by 2030.
23. The proposed strategy envisions the creation of vibrant and inclusive rural economies, where individuals and households live free from extreme poverty and hunger (SDGs 1 and 2). Working with partners, IFAD will complement its country-based programming with a flexible multi-country approach to capture spillovers and common problems.
24. The proposed strategy builds on existing IFAD operational policies and strategies to ensure full coherence regarding in-country and regional engagements in SIDS. In particular, it draws on IFAD's Strategic Framework 2016-2025 and explicitly acknowledges the specific challenges and vulnerabilities of SIDS. The present strategy is also fully consistent with IFAD's approach to engagement in fragile situations. The need for differentiated value propositions to middle-income countries and the associated graduation policy are also duly factored in (further details on overall policy coherence are presented in annex IV).

### **A. Proposed strategic objectives**

25. The proposed strategic objectives (SOs) duly reflect the thematic priorities for SIDS engagement defined in IFAD's contributions to the SAMOA Pathway.<sup>5</sup> It provides directions to ensure coherence and consistency among individual IFAD COSOPs and CSNs.

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<sup>5</sup> See paper on "IFAD's approach in Small Island Developing States: "A global response to island voices for food security".

**SO1. Promote sustainable, nutrition-sensitive and inclusive food systems**

26. The 2020 edition of the State of Food Security and Nutrition in the World, published by the Food and Agriculture Organization of the United Nations (FAO), indicated that eradication of extreme poverty and hunger by 2030 (SDGs1 and 2) was not on track as the number of people suffering physical and hidden hunger was rising. A year later, the report indicated that COVID-19 had dramatically increased these challenges, and that urgent actions at scale were needed to achieve the 2030 Agenda.
27. The proposed strategy will contribute to improved nutrition among rural households in SIDS by addressing all forms of malnutrition, including undernutrition, NCDs and related challenges, in all development programmes.
28. The location of SIDS in, or close to, oceans, while a challenge, can also provide opportunities to promote domestic smallholder fisheries and aquaculture. SIDS, however, require support to exploit these opportunities.

**SO2. Promote rural non-farm employment and the development of micro, small and medium-sized enterprises**

29. Most SIDS have limited cultivable farmland due to their small landmasses. In addition, environmental degradation makes part of the land less profitable for agricultural production and thus limits the number of households that can earn a living in the sector. This leads to high unemployment, especially among youth, and migration in search of better economic prospects. Off-farm jobs or self-employment opportunities should be identified in a broader rural non-farm economy (RNFE) framework.
30. Many rural primary industries require only small amounts of power (from 100 W to 3 kW), but are constrained by the scarcity and/or high cost of energy in rural communities. IFAD's promotion of steady and affordable energy sources will contribute to improving agricultural productivity (e.g. through pumping water for irrigation) and small-scale primary industries. IFAD will also build partnerships and networks to replicate renewable energy technologies (RETs) and support the dissemination of existing RETs, access to finance for RETs, capacity-building for young rural entrepreneurs, and knowledge management (KM) on field implementation of RETs.
31. The proposed actions under this strategic objective are: increase and diversify non-farm income; and improve employment and income generation from the RNFE (i.e. primary industries, SMEs) through the transition to clean energy. Activities will include basic repairs of fishing boats, agroprocessing of fish and farm produce, digital-enabled agricultural extension approaches that minimize transaction costs, digital platforms that provide market information services to improve market efficiency and link the producers of indigenous foods and vegetables with potential buyers (within and outside SIDS), the tourism sector and speciality food markets.
32. To harness diaspora remittances for investment in sustainable infrastructure that helps increase options for RNFEs, IFAD initiated a multi-donor Financing Facility for Remittances in 2006. The facility secured positive contributions through the promotion of: innovative investment and transfer modalities; financially inclusive mechanisms; improved financial education; and entrepreneurship. The proposed strategy will build on the experiences of the facility to identify best practices for channelling diaspora remittances and replicate lessons from successful IFAD projects in Haiti and Jamaica.

**SO3. Strengthen resilience of rural households and agricultural production systems to environmental and climate change**

33. Agriculture remains key to the prosperity of rural people, but is existentially threatened by environmental and climate-related challenges. Building the resilience of rural households at all levels is critical, but finance is limited. In many cases,



funds are dispersed across several actors, creating a complex architecture of finance providers.

34. To respond to such challenges, this strategy proposes deploying IFAD's growing technical expertise to: (i) identify climate and environmental drivers of food and nutrition insecurity; and (ii) provide technical assistance to projects that build the resilience of rural households. It will draw on IFAD's ongoing Rural Resilience Programme for lessons learned from previous climate change projects and provide support at scale.
35. SIDS could benefit from IFAD's enhanced Adaptation for Smallholder Agriculture Programme (ASAP+) through collaboration between IFAD regional divisions and technical staff. This could identify specific regional proposals and help design flexible multi-country projects where the regional lending operations (RLO) approach would be more efficient.
36. The strategy also proposes to:
  - (i) Assess opportunities to support climate resilience by leveraging funds from global sources (e.g. ASAP+, Global Environment Facility, Green Climate Fund);
  - (ii) Identify existing direct access entities (national/regional) and international accredited entities and decide which could best help IFAD mobilize additional resources;
  - (iii) Assess innovative options to explore the use of green and social impact bonds as financial instruments to fund new and existing projects;
  - (iv) Examine opportunities for investment in resource-efficient production methods such as aquaponics.

## IV. Theory of change

37. **Strategic vision:** accelerate the development impact of IFAD's interventions in SIDS to achieve food and nutrition security and resilient livelihoods for all rural households through expanded farm and non-farm income opportunities by 2030.

Figure 1

### Theory of change for SIDS strategy 2022–2027

<b>Development impact</b>	Accelerated food and nutrition security and resilience of rural households in SIDS enabled through profitable smallholder agriculture, expanded economic options and livelihood opportunities.
<b>Development outcome</b>	<ul style="list-style-type: none"> <li>• Adoption of profitable and sustainable food systems at all levels.</li> <li>• Expanded non-farm enterprises and income-generation options for rural households.</li> <li>• Increase resilience of smallholder farmers and rural households to climate change and environmental shocks.</li> </ul>
<b>Major outputs</b>	<ul style="list-style-type: none"> <li>• Improved awareness and institutional and technical capacity at all levels to facilitate the design and implementation of sustainable food systems.</li> <li>• Innovative and diversified additional investment to support inclusive development of rural households in SIDS.</li> <li>• Farmers successfully achieve transition towards profitable and sustainable food systems.</li> <li>• Strengthened partnerships for development in SIDS.</li> </ul>
<b>Action areas</b>	<ul style="list-style-type: none"> <li>• Introduce new, adaptive programming approach combining country-level engagement with multi-country and regional actions.</li> <li>• Enhance resource mobilization to support investments in rural areas of SIDS.</li> <li>• Improve in-country presence and policy engagement to foster inclusive and sustainable rural transformation.</li> <li>• Initiate new strategic partnerships and continuously strengthen existing ones to support development assistance in SIDS.</li> </ul>
<b>Underlying development challenge</b>	Smallholder farmers and rural households in SIDS suffer from limited economic opportunities and environmental vulnerabilities that constrain their ability to achieve food and nutrition security, and resilient livelihoods.

## V. Operational considerations

### A. Principles of engagement

38. The proposed strategy aligns with IFAD's Strategic Framework 2016-2025, expressing the Fund's ambition to contribute to Agenda 2030 through the inclusive and sustainable transformation of rural areas, notably through smallholder agriculture-led growth.
39. The strategy will be guided by the following key principles:
- **Effective targeting.** The strategy will be implemented on the basis of evidence-based information and consultations to target vulnerable groups (e.g. women, youth, indigenous people and persons with disabilities) for development assistance. The IFAD vulnerability index, part of the PBAS formula, will continue to be applied to maximize resources allocated to SIDS. Additional vulnerability assessments (e.g. MVI) will be explored to further shape resource allocation for greatest impact.
  - **Empowerment of vulnerable groups.** Given generally weak technical capacity in many SIDS, strengthening the potential of different groups to take advantage of new economic opportunities will be important. In line with the provisions of the IFAD Strategy on Biodiversity, particular attention will be paid to the empowerment of indigenous peoples, who are the main custodians of SIDS' biodiversity.
  - **Gender equality.** To ensure no one is left behind on the path to rural transformation in SIDS, the adoption of inclusive gender-transformative approaches in all IFAD's interventions will be actively pursued.
  - **Innovation, learning and replication.** Appropriate KM and South-South and Triangular Cooperation (SSTC) interventions will be deployed to document examples of successful projects and/or lessons learned from past failures. As per the IFAD Information and Communication Technology for Development (ICT4D) Strategy, digitalization will be systematically pursued in the Fund's engagement with SIDS by leveraging ICT to bridge connectivity and lower the delivery costs of operations.
  - **Flexibility between subregions.** This is expected to stem from an awareness of the diversity between SIDS subregions.

### B. Proposed implementation modes

40. The implementation of the strategy will emphasize **efficiency**, effective **partnership** and accelerated **impact** in IFAD's interventions through the following operational modes.

#### **New adaptive programming approach: from country to regional focus**

41. A key operational innovation in the strategy is exploring the practicality of a shift from country-level to regional-level programming given the small size of SIDS and low cost-efficiency. The strategy will deliver development results in a cost-effective way that best responds to Member States' needs. A regional approach allows programme flexibility; for example, reallocation of resources within subregions as necessary.
42. Operationalizing this includes developing a regional strategic opportunities programme, which offers IFAD an entry point to further align with United Nations multi-country strategy frameworks.

#### **Enhanced resource mobilization to support investment in rural areas of SIDS**

43. The challenges and financing gaps in SIDS require additional resources and innovative funding to ensure steady and predictable access to financing for

smallholder farmers and poor rural households. The following are potential ways of mobilizing additional funding to implement the proposed strategy:

- (a) **Enhancing access to IFAD core resource.** Eligible SIDS will continue to access the Fund's core resources through the PBAS, and borrowed resources through the Borrowed Resource Access Mechanism. A key principle underlying SIDS' access to IFAD core resources is differentiation. Furthermore, IFAD's graduation policy ensures that countries with fragile situations as well as SIDS will benefit from special provisions. SIDS also have access to IFAD's regular grant resources: IFAD's 2021 Regular Grant Policy singles out SIDS for enhanced access.
- (b) **Supplementary funds.** IFAD mobilizes and manages a variety of resources beyond core replenishment funding and resources borrowed under the Integrated Borrowing Framework. IFAD will explore opportunities for supplementary funding for SIDS from Member States that have indicated willingness to be "twinned" with specific SIDS. Additional funds may be sourced from public donors. Mobilizing supplementary climate finance will offer a unique opportunity for IFAD to engage in new areas of work. IFAD will target vertical climate funds and special high-impact initiatives in support of its mainstreaming themes. It will seek to align the mobilization of funds with any emerging priorities, as demonstrated recently by the establishment of the Rural Poor Stimulus Facility in response to COVID-19. In line with IFAD's strategy on supplementary resources, the Fund will continue to favour larger, multi-donor initiatives, and minimize the number of stand-alone, single donor initiatives in SIDS.
- (c) **Private Sector Financing Programme.** This will engage with the private sector networks (e.g. SIDS Global Business Network) to tap into potential resources. Some of IFAD's new private sector engagement instruments can be used; for example, for Latin America and the Caribbean, innovative financial products for regional disaster insurance pooling of risks. The Private Sector Financing Programme could also be used to explore the possibility of facilitating the issuance of green bonds as an alternative financing mechanism for SIDS.
- (d) **Diaspora remittances.** Diaspora resources, at least three times the size of official development assistance, are critical for SIDS. IFAD will further leverage its existing Financing Facility for Remittances to harness SIDS diaspora remittances and support innovative approaches to tap into diaspora funds.

#### **Improving in-country presence and policy engagement**

- 44. **Achieving better results through enhanced in-country presence.** The strategy will enhance IFAD's capacity to service its clients and improve alignment with Member States' development priorities through the establishment of limited new IFAD Country Offices (ICOs) in SIDS subregions. Enhanced in-country presence is an integral part of IFAD's ongoing decentralization. The ICOs will be fully equipped to facilitate engagement with governments, increase face-to-face time with clients, improve project supervision and promote collaboration with strategic countries for resource mobilization and policy engagement. However, given the generally limited capacities available in SIDS and the difficulty of retaining trained personnel, options for capacity-building for partner agencies (e.g. through virtual channels) and setting a limited number of in-country offices per region will be explored.
- 45. **Enhancing IFAD programme-based approach through reinvigorated KM and SSTC.** The proposed strategy will increase the quality of IFAD's interventions in SIDS through innovation, knowledge-sharing, partnerships and policy engagement. Given the variety of common challenges and opportunities in SIDS, IFAD will endeavour to support a range of non-lending interventions, including through SSTC.

## VI. Strengthening partnership and enhancing coordination

46. Responding to the SAMOA Pathway's call to address the needs of SIDS in their mandate areas, several United Nations agencies and IFIs have recognized that the development model used in bigger countries will not work because the developmental challenges of SIDS are unique to them. As a result, Rome-Based and other United Nations agencies, and financing institutions such as the World Bank Group have developed strategic documents for engagement in SIDS. Details are given in appendix II.
47. To support coherence among all United Nations agencies to "deliver as one", IFAD will initiate new, and deepen existing, partnerships with other United Nations agencies and key players to build synergies, while highlighting the comparative advantage and mandate of the Fund.
48. The strategy will strengthen successful existing partnerships and build new ones with partners having complementary areas of expertise to leverage IFAD's comparative advantage. The organizations to be targeted include the following:
- (i) **United Nations agencies** to build synergies in areas such as: SSTC, KM, policy engagement and capacity-building;
  - (ii) Countries with **strategic influence and interest** in SIDS;
  - (iii) **Development financiers** such as IFIs, regional and national banks, which could leverage development models used to address the unique challenges of SIDS;
  - (iv) Regional **policy forums** (e.g. the Caribbean Community and the Pacific Islands Forum) could help ensure that IFAD programmes are aligned with country and regional development approaches;
  - (v) Regional **producer organizations** (e.g. the Caribbean Farmers' Association) may help ensure that projects are relevant to farmers' needs.

## VII. Risks and mitigation measures

49. A major risk to the strategy is the trade-off between the frequent need to respond to short-term emergencies (e.g. food relief after a hurricane) and long-term development plans. The risk can be mitigated by clearly defining IFAD's core technical competence and building partnerships with organizations with complementary expertise.
50. The risks will be aligned with IFAD's corporate risk taxonomy. This will be updated regularly based on evolving risk assessment and management corporate practices. A preliminary risk analysis is presented below.

Table 1  
Risks of the strategy and mitigation measures

<i>Risk</i>	<i>Notes on the risk</i>	<i>Mitigation measures</i>
<b>Implementation</b>	<ul style="list-style-type: none"> <li>• Low technical capacity to implement programmes</li> <li>• Low cost-effectiveness of project implementation</li> <li>• High cost of staff increases impairs cost-effectiveness of projects</li> <li>• Projects may remain at pilot level, without replication</li> </ul>	<ul style="list-style-type: none"> <li>• Develop capacity of staff and implementing partners</li> <li>• Identify lessons from IFAD's RLO in the Sahel and other DFIs</li> <li>• Establish new ICOs to manage project implementation. Engage interdepartmental and intraregional collaboration</li> <li>• Deploy KM and SSTC tools to promote innovative learning and knowledge-sharing</li> <li>• Harness information and communications technology (ICT) tools to bridge gaps in connectivity</li> </ul>
<b>Funding</b>	<ul style="list-style-type: none"> <li>• Changes in donor priorities in SIDS due to COVID-19</li> <li>• Lengthy turnaround of funding proposals from global agencies</li> </ul>	<ul style="list-style-type: none"> <li>• Diversify resource mobilization efforts to include traditional and new sources</li> <li>• Collaboration between regional and technical divisions to maintain steady pipeline of funding proposals</li> <li>• Engage with promising donors</li> </ul>

<b>Partnership</b>	<ul style="list-style-type: none"> <li>Multiple players in crowded field and duplication of interventions in some SIDS</li> <li>Limited number of organizations with institutional capacity to coordinate projects and/or overburdening of those available</li> </ul>	<ul style="list-style-type: none"> <li>Build on the core competence of IFAD and identify partners with comparative advantages</li> <li>Assess partners to identify areas of complementarity</li> <li>Set clear rules of engagement and expectations from partners</li> </ul>
<b>Visibility and policy engagement</b>	<ul style="list-style-type: none"> <li>Low IFAD staff complement on the ground to engage policymakers and donors</li> <li>Absence of IFAD offices in some SIDS</li> </ul>	<ul style="list-style-type: none"> <li>Assess cost-effective options to enhance IFAD's field presence</li> <li>Develop robust communication to highlight the strategy's contribution to SIDS</li> <li>Engage with United Nations agencies, donors, high-level policymakers and service providers</li> <li>Actively observe bigger issues that affect SIDS at global level, e.g. SAMOA Pathway</li> </ul>

## VIII. Results management framework and reporting

51. A comprehensive strategy implementation plan will be prepared on approval of the strategy. The plan will guide the collection of relevant information by mainstreaming corporate data collection and impact assessment tools in cooperation with the Research and Impact Assessment Division and the Independent Office of Evaluation of IFAD. This will serve to assess progress against the results management framework (RMF) of the strategy. See annex I for indicators.
52. Reporting on the implementation of the strategy will rely on existing country-level RMFs and individual logical frameworks and associated monitoring and evaluation systems of projects in SIDS to minimize the number of reporting layers.
53. Reporting progress under the strategy will be informed by aggregating key indicators derived from IFAD12 RMF Tier II on development impact and results, and project-level development outcome ratings at completion for all IFAD SIDS with an active programme at the time of reporting.
54. Management will report to the Executive Board on the implementation of the SIDS engagement strategy through the annual Report on IFAD's Development Effectiveness (RIDE). It is proposed that the RIDE will contain a dedicated annex on the implementation of the SIDS engagement strategy. Management will also present a progress report to the IFAD13 Consultation.

## Results management framework

<i>Action area</i>	<i>Result indicator(s)</i>
Establish new adaptive programming approach from country to regional focus	<ul style="list-style-type: none"> <li>• # SIDS COSOP/CSNs aligned with United Nations multi-country strategic frameworks</li> <li>• # Guidelines documents produced to foster multi-country programming</li> <li>• # New RLOs in SIDS</li> </ul>
Enhance resource mobilization to support investment in rural areas of SIDS	<ul style="list-style-type: none"> <li>• # New funding sources</li> <li>• Proportion of investment in SIDS obtained from non-core resources</li> <li>• # Proposals submitted to global environmental and climate-funding agencies</li> <li>• Amount of climate finance raised</li> <li>• Amount of diaspora funding harnessed for SIDS development</li> <li>• # Member States providing supplementary funds for SIDS development</li> <li>• Amount of cofinancing procured from partners to support IFAD projects in SIDS</li> </ul>
Improve in-country presence and policy engagement	<ul style="list-style-type: none"> <li>• # ICOs established in SIDS</li> <li>• # Country policy forums engaging with IFAD</li> <li>• # SIDS regional forums engaging with IFAD</li> </ul>
Strengthening partnerships and enhancing coordination	<ul style="list-style-type: none"> <li>• New alliances and partnerships established</li> <li>• # KM and SSTC documents produced to improve project design, implementation and coordination</li> <li>• # ICT and digitalization tools developed to operationalize the strategy</li> <li>• # New projects cofinanced with partners</li> <li>• # Programme technical sessions co-organized with partners</li> </ul>

## SIDS facts and figures

Table 1  
Basic numbers at a glance

<i>Key numbers</i>	<i>Description</i>
<b>Geography and administrative</b>	
<b>58</b>	Total number of SIDS states, of which <ul style="list-style-type: none"> <li>• 38 are United Nations Members</li> <li>• 20 are non-United Nations Members/Associate Members of the Regional Commissions</li> </ul>
<b>28 times</b>	The geographical size of the ocean waters under the control of SIDS relative to their land mass
<b>\$575.3 billion</b>	Combined GDP of SIDS
<b>Human population</b>	
<b>1%</b>	Proportion of the world's population living in SIDS
<b>70 million</b>	Total human population of SIDS (2018 estimates), composed of: <ul style="list-style-type: none"> <li>• Male: 35.2 million</li> <li>• Female: 34.7 million</li> </ul> Rural dwellers: 27 million Urban dwellers: 44 million
<b>1.3%</b>	Average annual human population growth rate. It has declined from 1.6 per cent in 1990–1995
<b>11.33 million</b>	The total human population in the most-populated SIDS, i.e. Cuba
<b>1,600</b>	Total human population in the least-populated SIDS, i.e. Niue
<b>Key historical timelines in SIDS development efforts</b>	
<b>1992</b>	SIDS were formally recognized by the international community as a unique case due to their environmental and development challenges
<b>1994</b>	The international community met in Barbados to prescribe specific actions under the auspices of the Barbados Programme of Action to enable SIDS to achieve sustainable development
<b>2005</b>	The Mauritius Strategy was initiated to address remaining gaps in implementation
<b>2014</b>	The international community gathered in Samoa to forge a new pathway for the sustainable development of SIDS
<b>2015</b>	Establishment of SIDS Partnership Framework
<b>2019</b>	Midterm review of the implementation of the SAMOA Pathway
<b>2020</b>	United Nations General Assembly adopted a resolution, "Sustainable development: follow-up to and implementation of the SAMOA Pathway", which supported coordination of work within the United Nations based on the MVI.
<b>2021</b>	Launch of IFAD's SIDS Strategy 2022–2027

Table 2  
Human Development Indicators of selected SIDS in 2021

Country	Human Development Index global ranking	Life expectancy at birth (years)	Mean years of schooling (years)	Gross national income per capita (US\$)
Bahamas (The)	58	73.9	11.4	33 747
Barbados	58	79.2	10.6	14 936
Seychelles	67	73.4	10.0	26 903
Mauritius	66	75.0	9.5	25 266
Cuba	70	78.8	11.8	8 621
Trinidad and Tobago	67	73.5	11.0	26 231
Saint Kitts and Nevis	74	74.8	8.7	25 038
Saint Lucia	86	77	8.9	11 044
Maldives	95	78.9	7	17 417
Saint Vincent and the Grenadines	97	72.5	8.8	12 378
Fiji	93	67.4	10.9	13 009
Belize	110	74.6	9.9	6 382
Jamaica	101	74.5	9.7	9 319
Cabo Verde	126	73	6.3	7 019
Guyana	122	69.9	8.5	9 455
Vanuatu	140	70.5	7.1	3 105
Sao Tome and Principe	135	70.4	6.4	3 952
Kiribati	134	68.4	8	4 260
Equatorial Guinea	145	58.7	5.9	13 944
Comoros	156	64.3	5.1	3 099
Papua New Guinea	155	64.5	4.7	4 301
Solomon Islands	151	73	5.7	2 253
Haiti	170	64	5.6	1 709

Source: United Nations Development Programme, 2020 Human Development Report.

Table 3  
Number of SIDS represented in IFAD replenishment cycles

Subregion	IFAD7	IFAD8	IFAD9	IFAD10	IFAD11
Asia and the Pacific	3	11	5	3	4
Atlantic, Indian Ocean, Mediterranean and South China Sea	4	6	6	6	3
Latin America and Caribbean	3	7	6	6	4
<b>Total</b>	<b>10</b>	<b>24</b>	<b>17</b>	<b>15</b>	<b>11</b>

Table 4  
Contributions (%) of remittances to GDP in selected SIDS 2020 (%)

SIDS country	Remittances as % of GDP	Year
Cabo Verde	14.4	2020
Dominica	10.4	2020
Dominican Republic	10.6	2020
Jamaica	22.2	2020
Saint Kitts and Nevis	2.8	2020
Saint Vincent and the Grenadines	5.4	2020
Tonga	37.2	2019
Tuvalu	1.9	2019

Source: The World Bank Microdata Data Catalog.



Table 5  
**Remittances as a share (%) of GDP in SIDS in 2019 and 2020**

<i>Migrant remittance inflows (US\$ million)</i>	<i>2019</i>	<i>2020</i>	<i>Remittances as a share of GDP in 2020 (%)</i>
Antigua and Barbuda	25	25	1.8
Bahamas (The)	-	-	-
Barbados	108	108	2.5
Belize	97	93	5.6
Cabo Verde	236	244	14.4
Comoros	169	161	13.2
Cook Islands	-	-	-
Cuba	-	-	-
Dominica	49	49	10.4
Dominican Republic	7 421	8 332	10.6
Fiji	287	312	7.2
Grenada	48	48	4.7
Guinea-Bissau	151	123	8.6
Guyana	380	361	6.3
Haiti	3 327	3 111	21.8
Jamaica	2 563	2 956	22.2
Kiribati	20	19	9.5
Maldives	4	4	0.1
Marshall Islands	31	31	13.2
Mauritius	319	272	2.4
Micronesia (Federated States of)	23	23	5.7
Nauru	-	-	-
Niue	-	-	-
Palau	2	2	0.9
Papua New Guinea	3	2	0.0
Samoa	147	150	18.7
Sao Tome and Principe	11	6	1.4
Seychelles	24	10	0.9
Solomon Islands	25	28	1.8
Saint Kitts and Nevis	26	26	2.8
Saint Lucia	43	41	2.4
Saint Vincent and the Grenadines	47	44	5.4
Suriname	1	1	0.0
Timor-Leste	100	155	8.7
Tonga	190	194	37.7
Trinidad and Tobago	143	178	0.8
Tuvalu	-	-	-
Vanuatu	75	76	8.8
<b>Total</b>	<b>16 095</b>	<b>17 185</b>	<b>Average 7.8</b>

Source: The World Bank Microdata Data Catalog.

Table 6  
**Overview of food and nutritional challenges in SIDS**

<i>Food and nutrition issue</i>	<i>Description</i>	<i>Figure</i>
Undernourishment	Stunting in children	Over 20% in the poorest SIDS
	Adult deaths due to NCDs	75% in Pacific SIDS
Obesity	Adult obesity rates	33% in Caribbean SIDS
	Adult female obesity rates	50% in five SIDS countries
Food imports	Proportion of food imports	<ul style="list-style-type: none"> <li>• Over 50% in Pacific and Caribbean SIDS</li> <li>• 80% of food imported in half of SIDS</li> </ul>
Human health	Infant mortality rate	3.2% (32 infant deaths per 1,000 live births)
Life expectancy	Average life expectancy in SIDS	70 years (increased from 55 years in 1960)

Table 7  
**Access to energy and employment in SIDS**

<i>Indicator</i>	<i>Description</i>	<i>Figure</i>
Access to electricity	Access to electricity by urban population	<b>92%</b>
	Access to electricity by rural population	<b>67%</b>
Renewable energy	Renewable energy as a proportion of total energy consumption	<b>24%</b>
Unemployment rate	Proportion of total labour force unemployed	<b>9.9%</b>
	Proportion of labour force <b>(females only)</b>	<b>11.5%</b>
	Proportion of labour force <b>(males only)</b>	<b>6.8%</b>
Employment in agriculture as a proportion of total employment	Employment in agriculture <b>Total</b>	<b>18%</b> (decreased from 30% in 1991)
	Employment in agriculture <b>Females</b>	<b>19.2%</b>
	Employment in agriculture <b>Males</b>	<b>17.7%</b>
	Employment in agriculture <b>Caribbean</b>	<b>10.7%</b>
	Employment in agriculture <b>Pacific</b>	<b>31%</b>
	Employment in agriculture <b>Others</b>	<b>19%</b>
<b>Rural to total</b> population	Proportion of rural dwellers to total population	<b>40.4%</b> (decreased from 71% in 1960)
Agricultural to total land ratio	Proportion of agricultural land to total land area	<b>32.6%</b>

Source: World Bank 2020.

Note: World Bank figures are for all small states (rather than SIDS exclusively unless otherwise specified).

## Rural poverty and impacts of COVID-19 in IFAD SIDS Member States

1. Agroecological biodiversity – traditionally the cornerstone of food production systems in Pacific SIDS – and the networks of exchange and mutual support during times of hardship have broken down in recent times. The impact of these changes on human health and nutrition security in SIDS can be seen in table 6 of annex II.<sup>6</sup> On average, SIDS in the Caribbean and Pacific spend 20 per cent of their earnings from all exports on food imports, compared to a global average of 5 per cent.<sup>7,8</sup> SIDS are already experiencing high rates of nutrition-related mortality and disability. Undernourishment averages 17 per cent across SIDS and stunting exceeds 20 per cent among children in five of the poorest SIDS. In the Pacific SIDS, 70 per cent of adults are overweight and 77 per cent of deaths are attributable to NCDs. Five Caribbean SIDS have adult female obesity rates exceeding 50 per cent. These have significant economic and public health consequences. Childhood stunting exceeds 20 per cent in the five poorest SIDS.
2. **Impact of COVID-19 on SIDS.** Across SIDS, the economic downturn is projected to worsen poverty due to a significant weakening of people's capacity to withstand future natural disasters and environmental degradation. The International Monetary Fund economic outlook data released in April 2021 projects an improvement in year-on-year real GDP for many SIDS relative to the situation in 2020. For example, the GDP growth rate is projected to change in Seychelles by 1.8 per cent (minus 13 per cent in 2020), 6.6 per cent in Mauritius (minus 15 per cent in 2020), 18.9 per cent in Maldives (minus 19 per cent in 2020), 3.1 per cent in Saint Lucia (minus 17 per cent in 2020), 3.2 per cent in Vanuatu (minus 8 per cent in 2020), and 1 per cent in Solomon Islands (minus 5 per cent in 2020). The International Monetary Fund projects negative but milder GDP growth in 2021; for example, minus 1.5 per cent in Grenada against minus 13.5 per cent in 2020. The improved outlook generally reflects the easing of travel restrictions and the gradual opening up of countries across the globe. The impacts of COVID-19 on SIDS are highlighted below:
  - **Fall in income from tourism and related services.** Tourism is a key sector in many SIDS, contributing about 30 per cent of GDP on average, and up to 40 per cent in some countries such as Maldives and The Bahamas.<sup>9</sup> The World Trade Organization estimates that the widespread restrictions on international travels led to a decline in international tourist arrivals of between 20 per cent and 30 per cent in 2020, resulting in a loss of national income.
  - **Impact on agriculture and food prices.** The high dependence of SIDS on food imports is estimated to increase food prices as supply chains are disrupted.<sup>10</sup> Local food products suffered from increased losses and waste due to the closure of food shops, hotels, restaurants, and airlines – the main outlets for such products.
  - **Sharp fall in remittances from the diaspora.** Remittances contribute over 30 per cent of GDP in some SIDS. With decreased diaspora remittances,

<sup>6</sup> FAO 2017 Global Action Programme on Food Security and Nutrition in Small Island Developing States, p. 73.

<sup>7</sup> The figure is much higher in some SIDS, e.g. 48 per cent in Jamaica, 49 per cent in Barbados, 67 per cent in Saint Kitts and Nevis (<http://data.un.org/>).

<sup>8</sup> Hickey, G.M. and Unwin, N., 2020, Addressing the triple burden of malnutrition in the time of COVID-19 and climate change in Small Island Developing States: what role for improved local food production? *Food Security* 9: 1–5.

<sup>9</sup> The contribution of tourism-related tax income can be as much as 50 per cent (Maldives, Seychelles, Grenada, and Saint Kitts and Nevis).

<sup>10</sup> Food imports in SIDS represent 15–30 per cent of all merchandise imports, which is twice the world average.

opportunities to create jobs and invest in agriculture in SIDS have been significantly reduced.<sup>11</sup>

- **Fewer financing options.** Prior to the pandemic, SIDS spent 15 per cent (twice the world average) of their export revenues, and an average 5.3 per cent of their GDP on servicing national debts.<sup>12</sup> With export earnings reduced by COVID-19, the debt service burdens (and possible risks of default on external debt) have increased. These challenges are likely to be made worse by the continuing pandemic and have been a cause for concern in a recent United Nations General Assembly Resolution on SIDS.<sup>13</sup>

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<sup>11</sup> This may include missed/delayed opportunity to scale up lessons learned from IFAD's pilot project on diaspora remittances in Haiti and Jamaica as a business model for SIDS.

<sup>12</sup> United Nations Department of Economic and Social Affairs, 2020, reports that in some SIDS such as Dominican Republic, Jamaica and Papua New Guinea, the figure rises to 25 per cent of their export revenue.

<sup>13</sup> The Resolution of the United Nations General Assembly on SIDS adopted on 21 December 2020 acknowledges this.

## Coherence with existing IFAD operational policies and strategies

1. This strategy document builds on previous and ongoing IFAD projects and programmes, as well as the Fund's evolving engagement in SIDS. Particular attention has been given to ensuring policy coherence with the following operational policies, strategies and frameworks:
  - The SAMOA Pathway is the key framework agreed by the United Nations in 2014 to achieve sustainable development in SIDS. A midterm review noted that there is still a significant gap in implementation, and the framework's success varies across countries. IFAD's SIDS strategy aims to bridge the gaps relevant to the Fund's mandate through coordinated and balanced SIDS country programmes.
  - The SIDS strategy reflects the thematic prioritization for SIDS engagement defined in the IFAD Strategic Framework 2016–2025, and builds on strategic anchors identified in the 2014 paper on IFAD's approach in SIDS, "A global response to island voices for food security". The proposed strategic objectives and associated thematic areas help address SIDS-specific challenges while also providing overall directions to ensure coherence and consistency among individual IFAD COSOPs and CSNs for SIDS.
  - The SIDS strategy is in alignment with the IFAD's graduation policy, which aims to direct financial resources to the poorest and most vulnerable states. As a result, the IFAD12 Consultation agreed that IFAD's core resources will be fully allocated (100 per cent) to low-income countries (LICs) and lower-middle-income countries (LMICs), including SIDS, and that lending to upper-middle-income countries (UMICs) will be funded entirely through borrowed funds. The strategy recognizes that UMICs in SIDS will continue to have access to IFAD's borrowed resources, at least equal to the amount available to them in IFAD11, and up to 20 per cent of total resources.
  - IFAD's 2021 Regular Grants Policy prioritizes SIDS for increased access, especially when such financing is critical to the success of IFAD's RLOs. Such access could include SIDS classified as UMICs so long as their participation has a positive impact on other SIDS classified as LICs or LMICs.
  - SIDS benefit from the IFAD Integrated Borrowing Framework (IBF). The resources under the IBF take the form of both loan and grant resources and are managed on behalf of various partners through a range of legal/administrative arrangements. IFAD will look into opportunities for additional funding for SIDS from Member States that have expressed a willingness to be "twinned" with specific islands. The SIDS strategy corresponds to the Sustainable Development Agenda and the Paris Agreement to address the challenges of food insecurity, rural poverty and climate change.
  - The strategy is coherent with the Multidimensional Vulnerability Index for SIDS, a new framework including a comprehensive index for tracking structural vulnerabilities in countries. The index aims at: (i) identifying key sources of vulnerability for each category of SIDS; (ii) understanding to what extent structural vulnerability may impede progress towards the SDGs across the SIDS categories; and (iii) defining appropriate specific financial mechanisms and development pathways for each category of SIDS.
  - The IFAD12 Report recognizes that some SIDS are included in the list of countries with fragile situations. Special provisions have been made in the Policies and Criteria for IFAD Financing to ensure SIDS and countries with fragile situations continue to be eligible for concessional resources. According

to the IFAD Graduation Policy, the differentiation of the level of concessionality of core resources is key for the transition from highly concessional and semi-concessional terms to ordinary terms. As such, they benefit from all provisions included in IFAD's Strategy for Engagement in Countries with Fragile Situations and the associated 2019 Special Programme for Fragile Situations.

- In view of the high vulnerability of SIDS to natural disasters, engagement is duly informed by the Fund's own Guidelines for Disaster Early Recovery. Particular attention is paid to upholding the "do no harm" and "build back better" principles enshrined in these guidelines. Current and future interventions are all geared towards enhancing the resilience of rural communities' assets (both physical and human) to future shocks.
- Furthermore, the present strategy is formulated to dovetail with IFAD's agenda for mainstreaming climate, gender, nutrition and youth, and, in particular, the Fund's updated Strategy and Action Plan on Environment and Climate Change 2019–2025. In line with the provisions of the IFAD Strategy on Biodiversity, particular attention is paid to the empowerment of indigenous peoples who are the main custodians of SIDS' biodiversity. Sharpening targeting to reach rural persons with disabilities will also be actively pursued. IFAD will partner with inclusive institutions (including representative community-based organizations) that can help unlock women's potential. IFAD will measure women's empowerment and gender-mainstreaming through the results management framework across the project cycle. For ongoing projects, all projects will measure "gender focus" and "effectiveness of targeting approach" as outlined in the project status report. At completion, projects will report on and measure "gender equality and women's empowerment". All output- and outcome-level data will be presented on a sex-disaggregated basis.
- The role of the private sector in SIDS has been acknowledged as critical in mobilizing innovative financing and innovative tools (e.g. digital ones). To that end, IFAD will continue to be guided by its own strategy on private sector engagement, and in particular on ensuring complementary and additionality when public and private funding sources are blended.
- As per IFAD's strategy for supplementary resources, the Fund will continue to favour and promote larger, multi-donor initiatives and will seek to minimize the number of stand-alone, single-donor initiatives in SIDS.

## IFAD SIDS Membership

Classifications of IFAD's SIDS, and categorization of Small States by the World Bank

Countries	IFAD SIDS? (Y/N)	Small States? (Y/N)	Country Classification WB June 2021	IFAD Division
<b><i>SIDS-Africa</i></b>				
Cabo Verde	Y	Y	LMIC	WCA
Comoros	Y	Y	LMIC	ESA
Guinea-Bissau	Y	Y	LIC	WCA
Maldives	Y	Y	UMIC	ESA
Mauritius	Y	Y	UMIC	ESA
São Tomé and Príncipe	Y	Y	LMIC	WCA
Seychelles	Y	Y	HIC	WCA
<b><i>SIDS-Caribbean</i></b>				
Antigua and Barbuda	Y	Y	HIC	LAC
Bahamas, The	Y	Y	HIC	LAC
Barbados	Y	Y	HIC	LAC
Belize	Y	Y	UMIC	LAC
Cuba	Y	<b>N</b>	UMIC	LAC
Dominica	Y	Y	UMIC	LAC
Dominican Republic	Y	<b>N</b>	UMIC	LAC
Grenada	Y	Y	UMIC	LAC
Guyana	Y	Y	UMIC	LAC
Haiti	Y	<b>N</b>	LMIC	LAC
Jamaica	Y	Y	UMIC	LAC
Saint Kitts and Nevis	Y	Y	HIC	LAC

Saint Lucia	Y	Y	UMIC	LAC
Saint Vincent and the Grenadines	Y	Y	UMIC	LAC
Suriname	Y	Y	UMIC	LAC
Trinidad and Tobago	Y	Y	HIC	LAC
<b><i>SIDS-Pacific</i></b>				
Cook Islands	Y	<b>N</b>	HIC**	APR
Fiji	Y	<b>Y</b>	UMIC	APR
Kiribati	Y	Y	LMIC	APR
Marshall Islands	Y	Y	MIC	APR
Federated States of Micronesia	Y	Y	LMIC	APR
Nauru	Y	Y	HIC	APR
Niue	Y	<b>N</b>	HIC	APR
Palau	Y	Y	HIC	APR
Papua New Guinea	Y	<b>N</b>	LMIC	APR
Samoa	Y	Y	UMIC	APR
Solomon Islands	Y	Y	LMIC	APR
Timor-Leste	Y	Y	LMIC	APR
Tonga	Y	Y	UMIC	APR
Tuvalu	Y	Y	UMIC	APR
Vanuatu	Y	Y	LMIC	APR

\*UMIC-Upper Middle-Income Country

\*LMIC-Lower Middle-Income Country

\*MIC-Middle Income Country

\*HMIC-Higher Middle-Income Country

\*HIC -High Income Country



## Highlights of approaches of selected UN and development partners engagement in SIDS

Organization	Specific plan on SIDS?	Regional or country programme approach in SIDS?	Notes on approaches of engagement in SIDS
FAO	No formal strategy document, but has an "Action Programme" paper	Not stated explicitly. Action Programme paper states actions that can be carried out at both regional and country specific	<p>FAO supports SIDS mainly through technical assistance and policy analysis/advisory services to transform food systems to improve nutrition-sensitivity, resilience, sustainability and empower SIDS to lead healthy and productive lives. FAO has collaborated with other UN agencies to develop a document "<i>Global Action Programme on Food Security and Nutrition in Small Island Developing States (GAP)</i>" which articulates their work on SIDS, in response to the implementation of SAMOA Pathway. Aaligned with existing strategies rather than as a blueprint strategic document in itself<sup>14</sup>, the three key objectives of the GAP are:</p> <ul style="list-style-type: none"> <li>○ Strengthen the enabling environment for food security and nutrition</li> <li>○ Improve the sustainability, resilience and nutrition-sensitivity of food systems</li> <li>○ Empower people and communities for food security and nutrition</li> </ul>
WFP	Two interim sub-regional strategy documents for Pacific and Caribbean regions respectively	Both country specific and flexible multi-country approach	<p>WFP adopts a flexible multi-country approach that help address individual country needs and priorities while working in concert with political and economic regional bodies. Interim sub-regional strategic plans have been developed:</p> <p><i>Pacific Interim Multi Country Strategic Plan (2019-2022)</i></p> <p>The multi-country strategic plan aims to improve the capacity of the Pacific SIDS to reduce risk and improve response to disasters to contribute to the building of a resilient Pacific Community. Working in close collaboration with partners, especially FAO and UNDP. WFP's approach is to build national capacities to support mechanisms to deliver multi-country strategic plan<sup>15</sup></p> <p><i>Interim strategic plan (Jan 2020 -De 2021) for the Caribbean region</i></p> <p>The sub-regional Plan identifies priority actions in the Caribbean and reflects the dual humanitarian and development mandate of WFP. It aims to strengthen the capacities of national and regional actors in the target countries to improve emergency response and reduce the need for external intervention. The Plan focuses primarily on several Caribbean SIDS, oversea counties and includes three coastal countries<sup>16</sup></p>

<sup>14</sup> FAO 2017 Global Action Programme on Food Security and Nutrition in Small Island Developing States 73 pp

<sup>15</sup> The countries included in the Strategic Plan are Cook Islands, Fiji, the Federated States of Micronesia, Kiribati, Nauru, Niue, Palau, Papua New Guinea, the Marshall Islands, Samoa, Solomon Islands, Tokelau, Tonga, Tuvalu and Vanuatu

<sup>16</sup> These are Anguilla, Antigua and Barbuda, Aruba, Bahamas, Barbados, Belize, Bermuda, British Virgin Islands, Cayman Islands, Curaçao, Dominica, Grenada, Guyana, Jamaica, Montserrat, Saint Lucia, Saint Kitts and Nevis, Saint Vincent and the Grenadines, Sint Maarten, Suriname, Trinidad and Tobago, and Turks and Caicos Islands.

UNIDO	UNIDO's Small Island Developing States Strategy, 2019–2025	Regional/ sub-regional approach, country-specific needs also	UNIDO has developed a SIDS strategy to streamline and strengthen its interventions in SIDS aimed at achieving Inclusive and Sustainable Industrial Development in the region. The approach is aligned to achieve four development results: (i) Creating prosperity and inclusive growth, (ii) Advancing economic competitiveness (iii) Safeguarding the environment through cleaner production technologies and resource efficient practices, (iv) Strengthening knowledge and institutions for long-term development. UNIDO targets SIDS regional and sub-regional programmes to respond to the needs of SIDS as a group but also focuses on the specific needs of individual country.
UNESCO	Adopted a five-year "Action Plan for SIDS" in 2016.	Not stated explicitly	<p>Has developed a five-year "Action Plan for SIDS" (2016-2021) in 2016 in response to the "Samoa Pathway" and to integrate its priorities across all of its programs<sup>17</sup>. The document aligns with exiting strategic documents, but not a specific strategy document for SIDS by itself.</p> <p>The Action Plan focuses on five priority areas, consistent with UNESCO's mandate:</p> <ul style="list-style-type: none"> <li>• Enhancing SIDS capacities through improving education, and institutional capacities</li> <li>• Enhancing SIDS resilience and the sustainability of human interactions with ecosystems</li> <li>• Supporting SIDS to promote social transformations, social inclusion and social justice</li> <li>• Preserving cultural heritage and culture to improve sustainable development in SIDS</li> </ul> <p>Increasing connectivity, information management and knowledge-sharing</p>
UNDP	Not stated explicitly	Organizes its support under four sub-regional activities <sup>18</sup>	UNDP's supports in SIDS focuses on climate change adaptation. With funding provided mainly by Global Environment Facility (GEF), Least Developed Country Fund (LDCF), Adaptation Fund (AF), Special Climate Change Fund (SCCF), and the Government of Australia, UNDP organizes its work under four sub-regional SIDS programmes: Pacific SIDS, Caribbean SIDS, African SIDS and Asian SIDS respectively

<sup>17</sup> UNESCO 2016. Small Island Developing States – UNESCO's Action Plan. UNESCO, Paris. 32pp.

<sup>18</sup> UNDP Support to Small Island Developing States <https://www.adaptation-undp.org/projects/undp-sids>

World Bank	Has an "engagement document for Small States". But no specific SIDS strategy.	Adopts both country specific and, flexible multi-country approaches for small states	<p>The World Bank Group does treats SIDS as a component of "small states" group of countries. The Bank responds to the special development needs of small states through the "Small States Forum", and anchored on four pillars: (i) Improving development finance (ii) innovative disaster and climate financing mechanisms (iii) facilitating private investment and diversification (iv) strengthening the capacity of SIDS<sup>19</sup>. The Bank adopts a regional or multi-country level approaches in its strategic and operational activities. The approach aims at mitigating the challenges of limited capacity that negatively impact on program design and implementation in SIDS<sup>20</sup>.</p> <p>In response to the challenges of eligibility for concessional financing and capacity to engage in competitive finance market that small sates face, the WBG has developed innovative solutions tailored to address interrelated development and financing issues of small states. These include:</p> <ul style="list-style-type: none"> <li>• Preferential treatment in terms of access and concessionality, such as invoking exceptional criteria for small states based on per capita income, vulnerability to natural disasters and climate change, and limited access to commercial debt</li> <li>• Disaster and climate financing mechanisms for small states that are not eligible for IDA financing.</li> <li>• Regional risk insurance pools in the Caribbean and Pacific regions.</li> <li>• Economic diversification and resilience building in key sectors including agriculture</li> <li>• De-risking and credit-enhancing tools to small states.</li> </ul>
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<sup>19</sup> World Bank 2019. World Bank Group support to Small States, Washington 53 pp

<sup>20</sup> World Bank 2016 World Bank Group Engagement in Small States: The Cases of the OECS, PICs, Cabo Verde, Djibouti, Mauritius, and the Seychelles 54pp

Asia Development Bank	Regional strategy ("The Pacific Approach") and country strategic strategy business plans	Both regional and country-specific approaches.	<p>AsDB has developed a "Pacific Approach 2016–2020" document that serves as a strategic framework guiding its assistance at regional level and, an overall country partnership strategy for individual Pacific Island countries<sup>21</sup>. The regional operation provides opportunities for cross-country learning and operational efficiencies. The three key thrusts of the strategy are:</p> <ul style="list-style-type: none"> <li>• Reducing costs of operations- by improving transport, ICT and renewable energy infrastructure to reduce the costs of connectivity and energy.</li> <li>• Mobilizing finance to introduce innovative solutions to strengthen disaster preparedness, vulnerability, and build resilience</li> <li>• Promoting value creation- by supporting public sector reform that facilitate enabling conditions for private sector growth, legislative and financial reforms that promote financial inclusion</li> </ul>
OECD	No	No	<p>OECD supports SIDS through provision of statistical data and policy analysis on concessional finance that helps them to improve access to development finance. SIDS also benefit from support to develop financial instruments and approaches that are customised to the context and needs of individual countries.</p> <p>OECD is aware of the need for new development solutions and approaches that can help to achieve prosperity for the people and their environments. Through its <i>DAC Working Group on SIDS</i>, OECD is exploring the possibility to partner in a new initiative on Multidimensional Vulnerability Index (MVI)<sup>22</sup>.</p> <ul style="list-style-type: none"> <li>• Provides statistical data and policy analysis on concessional finance to SIDS</li> </ul> <p>Supports the development of financial instruments and approaches that tailored to SIDS</p>

<sup>21</sup> The countries covered are Cook Islands, Kiribati, the Marshall Islands, the Federated States of Micronesia, Nauru, Palau, Samoa, Solomon Islands, Tonga, Tuvalu, and Vanuatu.

<sup>22</sup> The new index is being developed by the UN system- UN Resident Coordinator for Pacific and Caribbean, UNDP, UN DESA, UN-OHRLLS with technical inputs from development economists Jeffrey Sachs and Guillaume Lafortune.

Ireland	Yes, has a "Strategy for Partnership with SIDS"	Mainly strategic regional cooperation, but does not exclude bilateral relationship with specific countries where necessary	<p>Describing itself as "as an islander in a room of Islanders", Ireland's strategy on SIDS outlines four priority areas for collaboration: sustainable blue economy, climate action, risk management and institutional capacity to facilitate investment.</p> <p>The SIDS strategic approach is influenced by Ireland's <i>Global Ireland 2025</i> strategy, that seeks to commit dedicated resources to increase engagement with SIDS. Specifically, Ireland commits itself to:</p> <ul style="list-style-type: none"> <li>• use its membership of the EU to champion support for SIDS in EU-wide cooperation arrangements (e.g., the post Cotonou Accord of EU-ACP) and in multilateral forums e.g., UN, OECD and international financial institutions</li> <li>• Provide €12m to the Ireland Trust Fund held in AsDB to support climate and disaster resilience in SIDS</li> <li>• establish a permanent network of Envoys to deepen relationship with SIDS</li> <li>• commence new partnerships with SIDS such as Ocean Innovation Initiative and a SIDS fellowship scheme</li> <li>• experience capitalization in working with the diaspora</li> <li>• Deepen its relationship with the Caribbean Catastrophe Risk Insurance Facility and initiate new similar partnerships.</li> </ul>
New Zealand	Yes, has a "Strategy for Partnership with SIDS"	Adopts both country specific and, flexible multi-country approaches for small states	<ul style="list-style-type: none"> <li>• Strong advocate for greater recognition of the unique development challenges faced by SIDS.</li> <li>• Advocacy by New Zealand and other partners resulted in higher financing for Pacific SIDS</li> <li>• Support the design and implementation of two major studies to increase understanding of the development funding challenges of SIDS</li> </ul>

## Documents Reviewed

Region	Country	Project/Programme Name (PCR)	Actual Completion	PCR	PCR/V	PPE
<b>The Caribbean</b>	Guyana	Rural Enterprise and Agricultural Development Project (READ)	31-Mar-15	x		
	Grenada	Market Access and Rural Enterprise Development Programme (MAREP)	30-Mar-18	x	x	
	Belize, Haiti, Cuba, Dominican Republic, Grenada and Guyana	Youth entrepreneurship: rural employment opportunities for young people in the Caribbean	30-Jun-19	x		
	Haiti	Innovative Crop and Soil-Based Technologies Project (CIAT)	01-Jun-17	x		
	República Dominicana	The Rural Economic Development Project in the Centre and East (PRORURAL)	31-Mar-19	x		
	Haiti	Project de développement de la petite irrigation	2016	x		
	Belize	Belize Rural Finance Programme (BRFP)	30-Sep-16	x		x
	Haiti	Projet de Développement de la petite irrigation (PPI-2)	30-Jun-17	x	x	
<b>AIMS</b>	Guinea Bissau	Rural Rehabilitation and Community Development Project	31-Dec-13	x		
	Sao Tome et Principe	PARTICIPATORY SMALLHOLDER AGRICULTURE AND ARTISANAL FISHERIES DEVELOPMENT PROGRAMME (PAPAFPA)	31-Mar-15	x	x	
	Comoros	Integrated Ecological Planning and Sustainable Land Management in Coastal Ecosystems in the Comoros, in the three islands of Grand Comoros, Anjouan, and Moheli	31-Dec-14	x		
	Maldives	Fisheries and Agriculture Diversification Programme (FADIP)	31-Mar-18	x		

	GUINÉE-BISSAU	Projet De Démarrage Du Projet D'appui Au Développement Du Sud (PADES)	30-Jun-17	x		
	República Dominicana	Proyecto de Desarrollo para Organizaciones Económicas de Pobres Rurales de la Frontera (PRORURAL OESTE)	2017	x		
	Maldives	Post-Tsunami Agricultural and Fisheries	31-Dec.13	x	x	x
	Seychelles	Competitive Local Innovations for Small-scale Agriculture Project	31-Dec-18	x		
	Seychelles	Rehabilitation Programme	31-Dec-18	x		
	Maldives	Strengthening the Role of SAARC in the Sustainable Intensification of Agriculture in South Asia	2017	x		
	Grenada	Climate-smart Agricultural and rural Enterprise Programme (SAEP)	2017	x		
<b>The Pacific</b>	Timor-Leste	Timor-Leste Maize Storage Project	31-Dec-15	x	x	
	Tonga	Tonga Rural Innovation Project	30-Jun-017	x	x	
	Cook Islands, Marshal Islands, Niue	Capacity Building for Resilient Agriculture in the Pacific (CBRAP)	31-Mar-18	x		
	Vanuatu	Post Cyclone Rapid Recovery in Agricultural Production	16-Jun-16	x		
	PNG	Partnership in High Value Agriculture – (PHVA)	31-Dec-15	x		
	Solomon Islands	Rural Development Programme I (RDP I)	30-Nov-12	x		
	Vanuatu	Post Cyclone Rapid Recovery in Agricultural Production	30-Jun-16	x		
		Innov4AgPacific Programme		x		
	Fiji, Kiribati, Tonga	Mainstreaming of Rural Development Innovations (MORDI)	Dec-08	x		
PNG	Fairtrade	Jun-16	x			

## Insights into IFAD's work in selected SIDS

### 1. Economic Development Project for the Southern Regions (PADES), Guinea Bissau

COVID-19 preventive measures in Guinea-Bissau significantly affected mobility between regions. This hindered smallholder farmers' ability to trade the main cash crop in the country – raw cashew nuts. Raw cashew nuts account for about 95% of the country exports and are the main income generating activity for about 80% of the country's population. Rice, the country's staple food, is not produced in enough quantity to feed rural households throughout the year. Smallholder farmers use raw cashew nuts to trade with or purchase rice as well as to finance the agriculture campaign of the following year. The necessary pandemic restrictions represented a high risk of rural households' food security, particularly those headed by women.

IFAD COVID-19 response in Guinea-Bissau, a SIDS country, was deployed through an IFAD-financed project focused on the economic development of the southern regions (PADES). The Rural Poor Stimulus Facility funds ensured that for two agriculture campaigns 2021/2022 PADES most affected beneficiaries would access and effectively use quality and climate resilient seeds. This support is of utmost importance since the most vulnerable smallholder farmers were forced to consume the seeds produced for the 2021/2022 agriculture campaigns during the 2020 lockdown.

The intervention became a best practice example of RBAs collaboration. PADES complemented the seeds distribution with development capacity activities lead by WFP. WFP's expertise on agriculture production and market information systems was also leveraged by the RPSF intervention to establish a market information network that allows farmers to know where to access inputs and to meet market demand needs in their region and beyond. A second round of RPSF financing focused on developing long term institutional market relationships between school feeding programs and PADES' smallholder farmers. The Facility finances the local purchase of rice and horticulture products, therefore connecting improved quality production to a sustainable demand of local products – increasing productivity effectively and towards increased sustainable income.

### 2. Pacific Islands Rural and Agriculture Stimulus facility (PIRAS facility)

The Australian Department of Foreign Affairs & Trade (DFAT) and the UN COVID-19 Multi Partner Trust Fund (MPTF) are jointly financing the Pacific Islands Rural and Agricultural Stimulus (PIRAS) Facility covering Fiji, Samoa, Solomon Islands, Tonga and Vanuatu. The goal of the facility is to minimize the impacts of COVID-19 on livelihoods and food security of rural households. By stimulating the agriculture sector in target SIDS countries, the facility is expected to enhance economic recovery from the pandemic, improve incomes and food & nutrition security for rural communities.

The activities under the facility build on national measures and include regional activities to be delivered in close coordination with MPTF partners (ILO, UNESCO and UNDP). More specifically the facility will:

- Equip women and youth with business and technical skills, access to productive resources, and market information services.
- Support agribusiness SMEs to access markets through the promotion of locally grown food, and their inclusion in government purchasing programmes (schools, hospitals, hospitality healthy food packages). Smallholder farmers, fisherfolks and SMEs engaged in food processing will be trained in safe post-harvest handling and food preservation.
- Support market actors with safe food distribution through the introduction of COVID-19 safety protocols along the supply chains.
- Scale up the use of tested digital solutions for market linkages, agricultural advice and nutrition awareness, such as My Kana App and TraSeable Farms App.



### **3. Family Farming Productivity and Resilience Support Project (PREFER), Comoros**

PREFER is a US\$18m project that partners with the national government and the International Institute of Tropical Agriculture to support 35,000 smallholders to increase their productivity and resilience to climate change. A key issue in Comoros and many other SIDS is overreliance on food imports, and this project focuses on promoting the local production of bananas, cassava and vegetables, including through training and access to rural finance. Training will also be provided to enhance market participation. Benefitting from funds from IFAD's Adaptation for Smallholder Agriculture Programme (ASAP), the project aims to build climate resilience by promoting sustainable water and soil management. Through the project, a grant of US\$720,000 from IFAD's Rural Poor Stimulus Facility is also being implemented to provide emergency support to mitigate the impacts of the pandemic on access to inputs and markets.

### **4. Climate Smart Agriculture and Rural Enterprise Programme (SAEP), Grenada**

The experience of the recently closed MAREP (Market Access and Rural Enterprise Development Programme) and the new operation (SAEP) make IFAD's work in Grenada a cornerstone for the development of similar projects in another SIDS in the region. The SAEP focuses on the main critical issues in rural areas in SIDS in the Caribbean: (i) youth employment and entrepreneurship, (ii) adaptation to climate change, and (iii) private sector development. Gender and nutrition are also elements that are being strengthened in the project, making SAEP an interesting example of an integrated approach to addressing all mainstreaming themes. The project could be replicated (possibly even as a regional operation) in other small islands that have similar challenges (high percentage of food imports, high vulnerability to climate variability, high levels of youth unemployment) and are part of the Organization of Eastern Caribbean States. The cooperation with the Caribbean Development Bank (CDB), which co-finances rural infrastructure while IFAD invests on capacity building, can be replicated in other CDB-borrower countries lacking access to IFAD's PBAS.