

Small Island Developing State Status – St Helena

Overview

In a 27 September 2019 letter to Chief Secretary Susan O’Bey, the Foreign and Commonwealth Office (FCO) Overseas Territory (OT) Director Ben Merrick suggested that St Helena may want to consider whether to declare itself to be a Small Island Developing State (SIDS) as Montserrat has done. This paper provides background on SIDS, identifies the potential benefits to SIDS status and outlines options for becoming a SIDS. It also discusses the advantages and disadvantages of membership in appropriate regional organisations, including fora that other territories have found useful.

The recommended path forward for St Helena is as follows:

- St Helena to self-declare as a SIDS. This could be achieved through a decision by ExCo and subsequent announcement.
- At the same time, St Helena should apply to join the United Nations Economic Commission for Latin America and the Caribbean (UNECLAC) as an associate member. This will enhance the value of SIDS status, since the UN will formally only represent SIDS that are either members of the UN or one of its Regional Commissions.
- Consider an application to join the Caribbean Development Bank (CDB) as a borrowing member; this will require additional research to determine whether the benefits of membership would outweigh the costs. Contacts made through UNECLAC may also be informative in guiding a future decision.

A further option is to join the Alliance of Small Island States, which represents SIDS within the UN system. However this involves a membership fee and is not recommended until it is clear that there are sufficient benefits.

The UK Foreign and Commonwealth Office (FCO) has offered to facilitate membership in the Regional Commission St Helena identifies. The recommendations in this paper assume that 1) this will be a sufficient condition for acceptance into the selected Regional Commission and 2) there will be no fees associated with membership, as reported by Montserrat.

While there are benefits associated with SIDS status and membership in a Regional Commission, these are not guaranteed and very well may not be large in financial terms. However, because there are likely only minimal costs associated (e.g., if St Helena participates in regional meetings), any benefits gained would be expected to have a positive impact.

What is a Small Island Developing State?

Small Island Developing States (SIDS) are a group of small island countries that share common development challenges. The [outcome document](#) from the 2012 United Nations (UN) Conference on Sustainable Development noted that SIDS have ‘unique and particular vulnerabilities, including their small size, remoteness, narrow resource and export base, and exposure to global environmental challenges and external economic shocks, including to a large range of impacts from climate change and potentially more frequent and intense natural disasters.’

Within the UN, SIDS are represented by the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States, currently Ms. Fekitamoeloa Katoa

'Utoikamanu. Her office, known as UN-OHRLS, has a number of [functions](#), including undertaking 'advocacy work in favour of the least developed countries, landlocked developing countries and [SIDS] in partnership with the relevant parts of the United Nations as well as with the civil society, media, academia and foundations.'

The following UK OTs are SIDS: Anguilla, Bermuda, British Virgin Islands, Cayman Islands, Montserrat and Turks & Caicos.

Benefits to SIDS Status

It is important to note that declaring St Helena a SIDS will not guarantee access to additional funding. Representatives from the UK Department for International Development (DFID) have explained that, in general, SIDS can benefit from special provisions or funding that is secured for them, and some international and regional institutions apply less onerous obligations on SIDS or have prioritised SIDS for support. In the past, SIDS have received preferential access to funding for climate change mitigation and renewable energy development. In addition, the UN is extending cooperation in sustainable development efforts through the Programme of Action for the Sustainable Development of SIDS. However, St Helena's non-independent status means it will still be excluded from sources of funding that require recipients to be sovereign states even if it is declared a SIDS. Some SIDS are also not eligible for concessional financing (i.e. grants or loans with low interest rates) since their per capita income level is too high. DFID noted that SIDS groups are lobbying for changes to rules around concessional finance (including on those governing graduation from Official Development Assistance) some of which, if successful, would benefit all SIDS irrespective of whether they are independent.

Joining a UN Regional Commission is likely to have more benefits than simply declaring St Helena a SIDS. Associate members (i.e., non-independent territories) benefit from access to expertise and peer-to-peer engagement through the Regional Commission. Representatives from DFID have reported that the reforms and capacity changes have been most successful in Montserrat are those linked to peer support provided through regional or SIDS groups. In particular, DFID reported that the Montserrat statistical service has benefitted from interactions with the Regional Commission. (It has also been proposed by the World Bank that St Helena join the International Price Comparison statistical program through the Latin America and Caribbean branch of that program, which is managed by UNECLAC.) In addition, associate members of the UN Regional Commissions may have access to funding that is earmarked for members of that region, though rules for specific funding sources may still exclude non-independent territories. It should also be noted that UN Regional Commissions are not major sources of funding in any case; mostly they provide technical cooperation.

Associate members of some, but not all, Regional Commissions have the ability to join a Regional Development Bank, which do provide financing, usually in the form of loans. Montserrat is receiving a grant of £14.4 million through the Caribbean Development Bank to finance the development of its port, although the original source of this grant is DFID.

Steps to Become a SIDS

There is no standard definition of what qualifies as a SIDS and a country can declare itself to be one at any time. Singapore classes itself as a SIDS but its [GDP per capita](#) exceeds that of countries like Denmark, Australia and the Netherlands. [Guyana and Suriname](#) are also considered SIDS despite not being islands. To become a SIDS, St Helena could simply self-declare through a decision by Executive Council and subsequent public announcement.

While there is no barrier to a country declaring itself a SIDS, UN-OHRLS formally represents only those countries that are 1) UN Member States or 2) associate members of a UN Regional Commission. SIDS also have the option to become a member of Alliance of Small Island States (AOSIS) which performs lobbying and negotiating functions for SIDS in the UN.¹

St Helena can immediately declare itself as a SIDS. However, based on the experience of the other OTs, for St Helena to gain more formal recognition as a SIDS it would also need to be affiliated with a UN Regional Commission. While the UN Regional Commissions are generally organised by geography, there are no strict criteria for which region a particular country belongs to. For example, Canada and the United States are members of the UN Economic Commission for Europe (UNECE) due to historical and economic ties to the European continent. Depending on what criteria are prioritised, St Helena could potentially request to join one of three regions: UN Economic Commission for Africa (UNECA), UNECE or the UN Economic Commission for Latin America and the Caribbean (UNECLAC).

Recommendations

There is no downside to St Helena declaring itself a SIDS and should do so in the near-term.

It is important to note that most of the benefit that might be seen as resulting from SIDS status is actually an outcome of formally joining a UN Regional Commission. For this reason, the UK Foreign and Commonwealth Office (FCO) has offered to facilitate membership with the relevant UN Regional Commission.

A comparison of the pros and cons of UNECA, UNECE and UNECLAC can be found in Annex A. Based on this assessment, it is recommended that St Helena join the UN Economic Commission for Latin America and the Caribbean (UNECLAC). Of the three regions considered, UNECLAC has the most SIDS (29) and is the only one of those three regions that currently includes non-independent territories as members. All other UK OT SIDS are associate members of UNECLAC. In addition, because UNECLAC includes a significant concentration of SIDS, it is most likely to represent positions that benefit St Helena in the global fora in which it participates as an organisation (e.g., UN conferences on climate change or sustainable development). Membership provides a substantial opportunity for peer-to-peer engagement and Montserrat has reported that there is no fee to join as an associate member of UNECLAC.

If St Helena is accepted as an associate member of UNECLAC, further research is needed to determine whether to apply to join the Regional Development Bank, the Caribbean Development Bank.² The Caribbean Development Bank is open to non-independent territories, which is a contrast to the African Development Bank, which only allows sovereign states to join. But while membership in the Regional Commission may be a path to membership in the Caribbean Development Bank, there will be administrative hurdles. In particular, members are required to pay in capital to acquire shares in the bank, meaning there would be some cost to join. An analysis of the potential benefits is necessary to determine if these justify the required investment. Connections made as a member of UNECLAC may be informative in guiding a future decision on this matter.

It is not recommended that St Helena join the Alliance of Small Island States (AOSIS) at this time. St Helena is likely to benefit from lobbying efforts that support SIDS generally but is unlikely to require direct support in large UN fora. As a result, the additional benefit of joining the organisation likely does not outweigh the costs. This conclusion can be re-evaluated at a later date if the costs or benefits to joining the organisation change.

¹ Most, but not all, SIDS are members of AOSIS. None of the OT SIDS are members of AOSIS.

² While some members of the UNELAC region are also members of the larger Inter-American Development Bank (IDB), membership in the IDB is only open to independent states.

Annex A – Comparison of Regional Economic Commissions

UN Economic Commission for Africa (UNECA)

Headquarters: Addis Ababa, Ethiopia

Number of SIDS: 6 (11% of Member States)

Focus of Work: macroeconomic policy; social development; regional integration & trade; natural resources; innovation & technology; gender; governance; statistics; private sector development & finance

Pros: geographically the closest region; St Helena is on the African tectonic plate; other SIDS in region means there is some opportunity for peer-to-peer engagement

Cons: all of the African SIDS are independent countries and do not share the specific challenges St Helena faces as an UK OT; forum dominated by large countries that have significant development needs and will also be competing for resources; the African Development Bank is only open to independent states; relatively few SIDS so organisational priorities may not align with St Helena's interests

UN Economic Commission for Europe (UNECE)

Headquarters: Geneva, Switzerland

Number of SIDS: 0 (0% of Member States)

Focus of Work: economic cooperation & integration; environmental policy; forests; housing & land; population; sustainable energy; statistics; trade; transport

Pros: opportunity to retain ties to European Union (UK is a member of UNECE and will remain so post-Brexit)

Cons: no other SIDS means there is no opportunity for peer-to-peer engagement and organisational priorities likely do not align with St Helena's interests; UNECE development assistance largely focused on member states in Eastern Europe, Central Asia and Caucasus; unclear potential to access the corresponding Regional Development Bank, the European Bank for Reconstruction and Development, which is used mainly to finance investments in Eastern Europe and Central Asia

UN Economic Commission for Latin America and the Caribbean (UNECLAC)

Headquarters: Santiago, Chile (main) and Port-of-Spain, Trinidad and Tobago (Caribbean sub-region)

Number of SIDS: 29 (49% of Member States)

Focus of Work: sustainable development; gender; international trade & integration; economic development; production, productivity & management; social development; sustainable development & human settlements; statistics; planning for development; population & development; natural resources

Pros: Twenty-nine other SIDS in the region means there is significant opportunity for peer-to-peer engagement and organisational priorities likely align with St Helena's interests; all other UK OT SIDS located in the region; Caribbean Development Bank open to non-independent territories

Cons: Geographically separated; not guaranteed to qualify for membership of Caribbean Development Bank