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Current donor activities in support of sustainable development
in small island developing States

Report of the Secretary-General

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INTRODUCTION

1. In the Programme of Action for the Sustainable Development of Small Island Developing States, 1/ which was adopted by the Global Conference on the Sustainable Development of Small Island Developing States, held at Bridgetown from 25 April to 6 May 1994, and endorsed by the General Assembly in its resolution 49/122 of 19 December 1994, the Secretary-General was requested to prepare a report containing updated information on current donor activities in support of the sustainable development of small island developing States for review by the Commission on Sustainable Development at its fourth session. The present report has been prepared in response to that request. A similar report, covering the period 1991-1992 was prepared in 1994 for consideration by the Global Conference (A/CONF.167/4).

2. The report is divided into two main parts. Chapter I contains an analysis of the main trends in external assistance flows to small island developing States from bilateral and multilateral sources. It delineates in broad strokes factors discernible at the global, regional and national levels that may have bearing on the provision of assistance to small island developing States, and provides highlights of commitments of assistance, by purpose and disbursements, by donor and recipient countries. Chapter II of the report presents the main findings and conclusions.

3. Statistical data for the report was obtained mainly from the Reporting Systems Division of the Organisation for Economic Cooperation and Development (OECD) at the request of the Department for Policy Coordination and Sustainable Development of the United Nations Secretariat. Where the required data was not obtainable from OECD an attempt was made to obtain it directly from donors. The report contains analytical tables that are self-explanatory. In the discussions in chapter I, verbalization of these tables has been avoided. All data reported in the tables are in current United States dollars.

4. In an effort to present the data for use in a form consistent with the Programme of Action, the Secretariat undertook an assignment of purpose codes of the Creditor Reporting System (CRS) to the 14 substantive chapters of the Programme of Action. Development assistance flows not readily allocatable to chapters I to XIV of the Programme of Action were assigned to a residual category "General development assistance".

5. Only data on commitments could be made available for both bilateral and multilateral sources by donor and programme area. However, data on commitments by programme area were not available for some bilateral donors and for most multilateral donors, particularly for the year 1994. Disbursement data, on the other hand, was made available by OECD, by recipient country and donor, but not by programme area. The data on disbursements was nevertheless the most comprehensive, allowing for all categories of donors to be reflected, including both OECD's Development Assistance Committee (DAC) and non-DAC sources, as well as agencies of the United Nations system and other multilateral agencies.

6. However, data for all years exclude a significant volume of technical cooperation. This component is estimated to represent some 25 per cent of total

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commitments, of which only a third to a quarter is reported in the Creditor Reporting System. Since different sectors have different volumes of technical cooperation commitments, caution is required in making cross-sectoral comparisons. The higher the input of technical cooperation, the greater is the likelihood that the data understate the real commitment level.

7. In addition, trend analysis may be affected by gaps in some years and changes in the assignment of codes. Furthermore, the data have not been adjusted to allow for changes in the purchasing power of the dollar. With these caveats in mind, the tables attached are thought to reasonably reflect overall trends.

8. The present report departs from the previous report on donor activities in some minor ways. The approach used in assigning the CRS purpose codes to programme areas will allow for greater consistency in the future analysis of commitments to small island developing States.

9. Given the difficulties encountered in the previous donor activities report in assessing activities of non-governmental organizations, it was decided not to include such an assessment in the current report.

I. MAIN TRENDS IN THE PROVISION OF EXTERNAL ASSISTANCE TO SMALL ISLAND DEVELOPING STATES

A. Overview

10. In different ways, the ability of small island developing States to successfully pursue the objectives of sustainable development continues to be affected by a range of circumstances. The greatest difficulty for many of them appears to be the difficulty, on account of their limited resources, of dealing adequately with the impact of ongoing changes in the global economy and of natural phenomena.

11. Recent years have witnessed an increasing and unprecedented frequency of natural disasters affecting small island developing States. More frequent and destructive incidents of hurricanes and cyclones in some regions have either stalled or set back the development process in the States most affected. On account of their inability to meet these immediate and sudden challenges on their own, these States continue to rely on the wider international community for support.

12. Political events in a few small island developing States have also influenced flows of external assistance in recent years. The involvement of the donor community in events in Haiti and the change of political status of the Republic of Palau are two such examples. Their effect on trends in assistance to small island developing States is discussed in section C below.

13. The period covered by the report is marked by the increasing spread of globalization and intense competition for markets and financial resources. Traditional donor support is in general becoming increasingly difficult, given a

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number of pressures affecting both bilateral and multilateral flows of development assistance.

B. Main trends in resource commitments to small island developing States

1. Bilateral commitments

14. Commitments of bilateral donors, both DAC and non-DAC, have more or less remained steady in the period 1991-1994. The period 1991-1993 shows an average commitment level of US\$ 808.51 million per year, for all bilateral donors. However, this constitutes a marked decline (34 per cent) from the average commitment of US\$ 1.09 billion for the preceding period 1988-1990.

15. In 1993, bilateral commitments were concentrated in the following areas: natural and environmental disasters, coastal and marine resources, land resources, national institutions and administrative capacity, transport and communications, and human resource development. Of these, the latter two areas were the most heavily emphasized. Significant amounts of resources were also committed to freshwater resources and energy resources. Together these areas accounted for 44.7 per cent of total commitments. Most of the rest of the commitments went to general development assistance. The programme areas that received insignificant attention or no attention at all were climate change and sealevel rise, management of wastes, biodiversity resources, regional institutions and technical cooperation, and science and technology. With some year-to-year fluctuations, a similar pattern is observable throughout the 1991-1993 period and even in 1994 (table 1).

2. Multilateral commitments

16. Data on resource commitments by multilateral agencies are incomplete. However, the available data indicate that in 1994, coastal and marine resources, freshwater resources, land resources, transport and communications and human resource development accounted for some 87 per cent of multilateral commitments. Of these, human resource development alone accounted for about 34 per cent. In the period 1991-1993, the three programme areas most heavily emphasized were land resources, transport and communications, and human resource development. During this period, there was an apparent shift of emphasis towards coastal and marine resources and freshwater resources. Commitments to general development assistance declined throughout the period 1991-1993, but still constituted a significant proportion of total multilateral commitments (table 1).

C. Main trends in disbursement of external assistance to small island developing States

1. Bilateral disbursements

17. The left-hand section of table 2 shows net disbursements of official development assistance (ODA) (grants plus concessional loans) from all bilateral sources to individual small island developing States from 1991 to 1994. In the aggregate, these States attracted net resources of approximately US\$ 1.3 billion in 1991, which declined in the two following years, but rose to US\$ 1.9 billion in 1994.

18. The apparent recovery in net flows to small island developing States in 1994 is accounted for mainly by unusually large disbursements to a few countries. Haiti accounted for 30.9 per cent of all flows to these States in this year, with US\$ 597.1 million in ODA receipts, an increase of 518 per cent over the previous year. A single donor country (United States of America) contributed 90.7 per cent of the flows to Haiti (table 6). This massive increase in assistance is apparently associated with the international effort to restore democracy and stability to that State.

19. A further explanation for the overall increase in net flows in 1994 can be found in the sizeable receipts recorded by the Republic of Palau and the Federated States of Micronesia, with respective shares of 10.4 per cent and 5.2 per cent of the year's total flows to small island developing States. By comparison, zero flows were reported for the Republic of Palau between 1991 and 1993, and in 1991 for the Federated States of Micronesia. One probable explanation for the sudden increase to those countries may lie in the evolution of their political status and related agreements for ODA benefits. Such large disbursements to these two countries might not continue into the future. A single donor country (United States of America) accounted for most of the increase, 94.7 per cent and 82 per cent, respectively.

20. The data also reveal a tendency for concentration of development assistance among specific groups of small island developing States by several donor countries. For instance, almost all of the net disbursements of Australia and New Zealand to these States in 1991 and 1994 are concentrated among those of the Pacific region. Canada channelled almost all of its ODA to small island developing States, to those of the Caribbean region in 1991 and 1994. In 1994, 96 per cent of United States net ODA to such States went to six, three in the Caribbean and three in Micronesia.

21. Donor countries in the non-DAC category (Kuwait, Saudi Arabia and United Arab Emirates) recorded an overall trend of declining net ODA flows to small island developing States in the period 1991-1994. Their aggregate net disbursements declined by 70.1 per cent between 1991 and 1994. Saudi Arabia registered overall negative net flows to small island developing States in 1994, and United Arab Emirates in both 1991 and 1994. Net flows from Kuwait, on the other hand, increased 76.6 per cent between the two years.

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2. Multilateral disbursements

22. After increasing 9 per cent in 1992 from the 1991 level, total net disbursements to small island developing States from all multilateral sources declined in the following year, but recovered in 1994 when it stood at slightly above the 1991 level. Multilateral flows are more evenly distributed among these States than bilateral flows. The largest recipients of multilateral assistance in 1994 were Papua New Guinea, Jamaica, the Dominican Republic and Cuba, together accounting for 36.1 per cent of total disbursements (table 2).

II. MAIN FINDINGS AND CONCLUSIONS

A. Main findings

23. Resources allocated under the Programme of Action, whether committed or disbursed are directed to a few selected programme areas, possibly reflecting the immediate priorities established at the national level. The emphasis on such areas as human resource development, national institutions and administrative capacity, transport and communications, and land resources are no doubt well placed. These areas will continue to call for substantial resources in the future.

24. The needs of those areas that have received less attention so far in the allocation of development assistance flows may need to be addressed in the future, given their importance to the overall sustainable development efforts of small island developing States. Minimal or no ODA resources have been directed over a four-year period to programme areas such as climate change and sealevel rise, management of waste, science and technology, biodiversity resources, and regional institutions and technical cooperation.

25. The overall trend of declining levels of bilateral flows and fluctuating multilateral flows should be a cause for concern for the future achievement of the sustainable development objectives of the Programme of Action.

B. Conclusions

26. The objective of this report is both to examine the emerging trends in resource flows to small island developing States and their allocation to the programme areas of the Programme of Action. As will be clearer from the accompanying tables, the data on net disbursements, which are available only by donor and recipient, are much better than those on commitments. For a thorough analysis of allocation of ODA to small island developing States by programme area, it will be important for donors to provide more adequate details to OECD on their commitments. These data would need to be complete, and would need to include commitments, by purpose, for regional activities from which small island developing States in particular regions generally benefit, but which are not included in the allocations to individual countries or to United Nations and non-United Nations international organizations.

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27. With the implementation of the Programme of Action having just begun at the international, regional and national levels, it will be some time before tangible results of policy reorientation can be documented. It is clear, however, that there is a need for greater attention to the priority areas designated in the Programme of Action that have so far received less attention in the allocation of development assistance. This will call for greater effort at the national level in small island developing States to identify priorities, as well as greater coordination between the bilateral and multilateral donors and the Governments of these States in reviewing the allocation of resources to ensure that they are channelled to areas of greatest need.

28. It is worthy of note, however, that the areas that have benefited in greater measure in the past represent critical areas for the sustainable development of small island developing States, the continuous funding of which should be maintained and enhanced. Additional resource flows, including the need to examine innovative ways to achieve them, remain critical to the successful implementation of the Programme of Action. A mere reallocation of existing resources will not suffice to achieve the objectives of the Programme of Action.

Notes

1/ Report of the Global Conference on the Sustainable Development of Small Island Developing States, Bridgetown, 25 April-6 May 1994 (United Nations publication, Sales No. E.94.I.18 and corrigenda).

Annex

List of small island developing States and territories
covered in the report

Africa

Cape Verde
Comoros
Mauritius
Sao Tome and Principe
Seychelles

Arab States

Bahrain

Asia and the Pacific

Cook Islands
Micronesia (Federated States of)
Fiji
Kiribati
Maldives
Marshall Islands
Nauru
Niue
Palau
Papua New Guinea
Samoa
Singapore
Solomon Islands
Tokelau
Tonga
Tuvalu
Vanuatu

Europe

Cyprus
Malta

Latin America and the Caribbean

Antigua and Barbuda
Aruba
Bahamas
Barbados
Cuba
Dominica
Dominican Republic
Grenada
Haiti
Jamaica
Netherlands Antilles
Saint Kitts and Nevis
Saint Lucia
Saint Vincent and the Grenadines
Trinidad and Tobago
United States Virgin Islands
