

# Just Transitions in Small Island Developing States (SIDS)

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# Executive summary

Transitioning away from carbon-intensive industries in ways that generate equitable social and ecological outcomes is an urgent global priority. Yet there are important and under-appreciated limitations to the ‘Just Transitions’ concept as presently conceived when applied to small island development states (SIDS). These societies are unique in terms of size, capacity and exposure to outside forces, which means that climate change will affect them more rapidly and more devastatingly than any other group of states. This report highlights three specific problems, explains why they matter, and discusses how they might be remedied.

- Firstly, the Just Transitions literature generally focuses on large, developed nations and alleviating injustices caused by climate mitigation. However, SIDS are tiny, make negligible contributions to global emissions, and will be struck more forcefully and rapidly by accelerating climate change due to their smallness, islandness, and over-reliance on coastal zones for development. As important as global mitigation is, for SIDS, adapting to the imposed harm of climate change is considerably more urgent.
- Secondly, global debates on the subject tend to focus on the decarbonisation of extractive sectors in large countries which have the capacity to transition to similarly large-scale green industries. Yet SIDS rarely have extractive industries to transition away from: their economies are dominated by services which are unaccounted for in Just Transitions debates. They also remain — and are likely to remain — highly dependent on imported fossil-fuels. Although they have hydro- and geothermal energy potential, transitioning fully to renewables implies enormous relative sunk costs and technological risks that governments are encouraged to underwrite, but which entail substantial public debt, and SIDS are already amongst the most heavily indebted countries on earth.
- Thirdly, the concept of a just transition emphasises locally driven, community-based solutions and greater self-sufficiency (again, based on the experience of larger states). Yet small size and insularity means SIDS have fixed constraints on local capacity, which in turn implies that scaling down cannot solve their environmental challenges. Rather, generating a genuinely just transition requires the scaling up of ideas and initiatives to the regional and global level where SIDS can engage in collective solutions and greater intra- and inter-regional learning.

We suggest that, to adequately account for SIDS, therefore, the notion of a Just Transition needs to:

1. Be reorientated to better account for mitigation *and* adaptation, with the latter more immediately significant for SIDS than the former;
2. Be expanded to view services, such as tourism, as distinctive kinds of extractive industries, which also require equitable adaptation strategies; and
3. Acknowledge that re-scaling is not necessarily synonymous with localisation. SIDS often need to scale up to regional and global levels, where resources can be pooled and effective strategies co-developed.

By expanding the concept in this way, we can begin to think about how SIDS might experience a just transition. Specifically, we highlight three areas for reform — (a) revisiting eligibility criteria and improving access to Overseas Development Assistance (ODA); (b) receiving a fairer share of, and improved access to, climate finance; and (c) greater debt relief and long-term debt restructuring — as well as an urgent need for research on the future of tourism, as important initial ways in which global agendas might be shaped to better account for the distinctive transitional needs of SIDS.

# Introduction

Approximately 40 Small Island Developing States (SIDS) are scattered across the African, Caribbean, Pacific and Indian Ocean regions. They experience a series of unique development challenges linked directly to their small size. Economically, they tend to be middle- or even high-income countries, but endure widespread poverty and inequality, and many carry some of the largest external debt burdens in the world. Politically, they are blessed with strong democracies and high levels of social capital and community cohesion, but experience severe capacity constraints in the delivery of public services. Environmentally, they bear little responsibility for the global concentration of greenhouse gases, yet are disproportionately vulnerable to climate-induced shocks and intensifying ecological transitions.

Although their stark exposure to outside forces is well documented, contemporary shifts threaten them in new ways. In the 1990s, the ending of metropolitan preferences for tropical agricultural commodities such as bananas and sugar saw most SIDS shift to service industries associated with globalisation: tourism, offshore finance, sovereignty sales, and remittances (via exports of skilled labour). However, these strategies have been undermined by the COVID-19 pandemic, where tourism literally ground to a halt, increased global surveillance of banking arrangements and tighter restrictions on migration. SIDS are also politically and diplomatically vulnerable in a world where multilateralism is under threat, global governance is shaky, and great power politics are re-emerging.<sup>1</sup> Accelerating climate change further undermines development gains in SIDS and even their very viability as states.<sup>2</sup> More intense hurricanes and cyclones, degradation of coastal infrastructure and ecological systems, saltwater intrusion and droughts will ultimately make all small islands inhospitable and, in extremis, effectively render the people of low-lying atolls, in particular, homeless and stateless.

The notion of a ‘just transition’ speaks to the seemingly straightforward ethical proposition that transitioning away from fossil fuels, by decarbonising existing industries and generating new green ones based on renewable technologies and cleaner sources of energy, can and should be undertaken in ways that are socially equitable and environmentally fair. However, envisioning this in SIDS is anything but straightforward. It requires recognition that the distinct shared set of macro-challenges that they face heavily constrain their available courses of action or impose substantial costs on getting them wrong. Moreover, the nature of their transition is very different to that of larger states: the extent to which it is, or can be, ‘just’ depends on a range of characteristics unique to small islands.

The concept must consequently account for the well-known special characteristics of SIDS which have long featured in the academic literature on the subject and been reiterated at various fora over the years, such as through the 1994 Barbados Programme of Action (BPOA) and the 2014 SAMOA Pathway.<sup>3</sup>

1 Bishop, M.L. and Payne, A. (2021a) ‘The political economies of different globalizations: theorizing reglobalization’ *Globalizations* 18(1): 1–21.  
 2 Vaha, M.E. (2015) ‘Drowning under: small island states and the right to exist’ *Journal of International Political Theory* 11(2): 206–223.  
 3 For the two UN documents, see: UNGA (1994) *Barbados Programme of Action*. New York: United Nations General Assembly, <https://sustainabledevelopment.un.org/conferences/bpoa1994>; UNGA (2014) *SIDS Accelerated Modalities of Action (SAMOA) Pathway*, A/RES/69/15 Resolution adopted on 14 November 2014, New York, United Nations General Assembly: [https://unctad.org/system/files/official-document/ares69d15\\_en.pdf](https://unctad.org/system/files/official-document/ares69d15_en.pdf); For a sample of the academic debate, see, inter alia: Baehr, P. (1975) ‘Small states: a tool for analysis?’ *World Politics* 27(3): 456–466; Bishop, M.L. (2012) ‘The political economy of small states: enduring vulnerability?’ *Review of International Political Economy* 19(5): 942–960; Briguglio, L. (1995) ‘Small island developing states and their economic vulnerabilities’ *World Development* 23(9): 1615–1632; Corbett, J. and Veenendaal, W. (2018) *Democracy in small states: persisting against all odds*, Oxford: Oxford University Press; Cooper, A. F. and T. Shaw (2009) (eds) *The Diplomacies of Small States*, London: Palgrave.

For our purposes here, three are worth noting at the outset:

- *Size* — SIDS are small, and in some cases tiny, with limited human capital, nothing by way of a developmental hinterland, and they face severe capacity constraints;
- *Geography* — SIDS are remote, insular and often highly dependent on external economic forces, international trade and special and differential treatment (SDT); and
- *History* — Many, but not all, SIDS have experienced acutely painful colonial histories of exploitation, and their economies are oriented towards capital extraction.<sup>4</sup>

SIDS therefore face deep-seated structural constraints implying huge sunk costs in enacting statehood, developing new industries, building infrastructure, or, crucially, transitioning away from fossil fuels. These inevitably differ starkly in extent when compared to larger states, all of which — regardless of relative wealth or development — do have hinterlands, large populations, deep connections to other states, a degree of self-sufficiency, and the requisite economic and social scale to defray the fixed costs of those investments.

How should we therefore comprehend a ‘just transition’ in the distinctive — even unique — context of SIDS? And what knowledge and resource gaps need to be filled to envision and implement such a transition? In this report, we grapple with these questions. We propose some key global governance reforms needed to ensure that a low-carbon transition occurs in ways that are genuinely just and environmentally sustainable, facilitating development opportunities in SIDS as they confront truly existential threats. These reforms include: (a) revisiting eligibility criteria and improving access to ODA; (b) receiving a fairer share of, and improved access to, climate finance; and (c) greater debt relief and long-term debt restructuring.

This analysis is expected to sharpen debate ahead of and following COP26 in Glasgow. The report begins by reflecting briefly on the concept of a just transition and some of its key limitations, and then, in the second section, contrasting it with extant debates on development in SIDS, to explain (in the third) how it might better be shaped to their distinctive requirements and hence have greater explanatory power. In the fourth section, we review the particular economic and environmental challenges facing SIDS and how these constrain possibilities for envisioning and achieving a genuinely just transition. The report then proposes a set of reforms to international development and climate change governance regimes that can better support them through the global low-carbon transitions taking place, before reflecting on the continued knowledge gaps that exist and the kind of research and policy work that might be undertaken to help fill them and, on that basis, contribute to generating just transitions in SIDS.

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<sup>4</sup> See Marshall, D. D. (2002) ‘At whose service? Caribbean state posture, merchant capital and the export services option’, *Third World Quarterly*, 23(4): 725-751.

# Conceptualising a just transition

The notion of a ‘just transition’ was adopted in 2010 by the International Trade Union Confederation in its approach to addressing challenges faced by workers and labour markets in relation to climate change.<sup>5</sup> The movement posits that jobs and the environment are not irreconcilable and that vulnerable sectors should not suffer the negative distributional impacts of greening the economy.<sup>6</sup> Specifically, the concept refers to the simultaneous transformation of societies and economies towards a low-carbon and climate-resilient development while creating — rather than inhibiting — opportunities for environmental sustainability, social equity, and economic prosperity.<sup>7</sup> It is endorsed by labour unions, civil society, intergovernmental organizations, and national governments. Just transition issues were addressed in the work on response measures under the United Nations Framework Convention on Climate Change (UNFCCC), the Paris Agreement and the Silesia Declaration. The latest was signed by 56 countries, albeit with only two signatory SIDS — Fiji and Nauru — which perhaps emphasises our broader point that, at present, they are not fully invested in an idea that has not yet been adequately tailored to their needs.<sup>8</sup>

There are at least three features of the concept itself which might be thought through further so that it travels more easily to the SIDS context and sheds greater light on their experience. First, the current understanding is quite narrow: it refers broadly to ensuring that shifts towards carbon neutrality occur in ways that are ecologically and socially sustainable. Indeed, that is its great strength. But this can also be viewed as a (relative) weakness: because it is only recently gaining prominence within academic, policy and activist circles, it has not yet been fully elaborated as an idea or agenda. Its promise has, therefore, only been partially realised. Yet despite its essential clarity, the more that thinkers have begun to grapple with it, the more it appears to contain potentially contentious intellectual, political, social, economic and cultural conflicts. For example, different proponents often mean radically different things about what is ‘just’, and this reflects marked differences of emphasis regarding deeper understandings of justice.<sup>9</sup> Consequently, debate is fragmented, and this affects, in turn, the kinds of transitions — and the trade-offs that they imply for different groups within society — that are advocated. In our case, though, it is not just different groups within society that matter, but different *kinds of societies* entirely.

Second, the term has also become popular among environment and development NGOs, activists and some governments to refer to a set of social interventions needed to ensure more economically equitable outcomes can be achieved as polluting

5 Rosenberg, A. (2010) *Building a just transition: the linkages between climate change and employment*. Geneva: International Labour Office, *International journal of labour research*, 2(2): 125-161.

6 Kohler, B. (1998). Just transition: a labour view of sustainable development. *CEP Journal*, 6(2); International Trade Union Congress (2010). ‘Resolution on combating climate change through sustainable development and just transition’: <http://www.ituc-csi.org/resolutionon-combating-climate.html>; International Trade Union Congress (2017) ‘Just Transition – Where are we now and what’s next?’, *ITUC Climate Justice Frontline Briefing*: [https://www.ituc-csi.org/IMG/pdf/ituc\\_climate\\_justice\\_frontline\\_briefing\\_2017.pdf](https://www.ituc-csi.org/IMG/pdf/ituc_climate_justice_frontline_briefing_2017.pdf)

7 Center for Strategic and International Studies and Climate Investment Funds (2021) *A Framework for Just Transitions*. [https://justtransitioninitiative.org/wp-content/uploads/2021/01/Framework-for-Just-Transitions\\_Download.pdf](https://justtransitioninitiative.org/wp-content/uploads/2021/01/Framework-for-Just-Transitions_Download.pdf)

8 Bureau of the COP24 Presidency (2019) *Solidarity and Just Transition: Summary Report of the actions*, Katowice: Polish Ministry of the Environment, [https://cop24.gov.pl/fileadmin/KONFERENCJA\\_JT/Just\\_transition\\_E-BOOK.pdf](https://cop24.gov.pl/fileadmin/KONFERENCJA_JT/Just_transition_E-BOOK.pdf)

9 Heffron, R. J. and D. McCauley (2018) ‘What is the “Just Transition?”’, *Geoforum*, 88: 74-77; McCauley, D. and R. J. Heffron (2018) ‘Just transition: Integrating climate, energy and environmental justice’, *Energy Policy*, 119: 1-7; Newell, P. and D. Mulvaney (2013) ‘The Political Economy of the Just Transition’, *The Geographical Journal* 179(2): 132-140.

industries are dismantled. This is, of course, a good thing in general. However, those industries tend to be concentrated in industrialised countries or larger developing ones. The former often have the greatest capacity to actually enact a substantial transition, and, in many cases — aside from China, which is transitioning rapidly, although perhaps not in particularly ‘just’ ways<sup>10</sup> — the latter are reticent to do so while they are still catching up and facing the deleterious economic consequences of early de-industrialisation.<sup>11</sup> For our purposes, the main issue is that, with a few limited exceptions, and outside of aviation’s contribution to tourism, SIDS do not have large-scale carbon-intensive industries to dismantle, or which could easily be ‘transitioned’. Although it is understandable why most of the existing literature on the subject focuses on the political economy of fossil fuel divestment,<sup>12</sup> the labour consequences of post-carbon jobs,<sup>13</sup> the effects on communities sited in areas of coal and oil extraction,<sup>14</sup> remunicipalisation of energy systems,<sup>15</sup> we need more and different research, engagement, advocacy and policy action which focuses more squarely on the distinctive challenges facing SIDS in terms of their transitions which rarely have extractive industries, fossil-fuel dependent labour, or privatised utilities.

Third, at the heart of the just transitions discourse is a desire to see more locally-driven, community-based solutions, alongside the rapid development of new local industries and markets, and ultimately greater self-sufficiency. Again, these are laudable goals in general: we need to take seriously ‘the imperative for and possibility of state rescaling “from below” in which the state might be reconfigured to be more responsive to local or localized interventions while still providing the necessary architecture for coalition building across scales of governance’.<sup>16</sup> However, for SIDS, local capacity, of *both* the national state *and* civil society is extremely limited when seeking to enact either ‘popular’ or ‘political’ sovereignty to effect social progress.<sup>17</sup> Consequently, in the small-island context, scaling-down is nonsensical: localisation necessarily implies a *scaling-up* of competencies to, at the very least, the regional level, where resources might be pooled, and effective strategies might be developed. So, for SIDS, it is at the regional and inter-regional level where power and ideas can be harnessed at the kind of scale that can occur domestically in larger states with metropolitan cities *and* significant hinterlands to both effect substantive change locally and impact upon wider global conversations. This, in turn, opens up interesting questions about power, voice and inclusion that are critical for just transitions — and debates about them — occurring globally.

10 Matthews, J. A. and H. Tan (2015) *China’s Renewable Energy Revolution*. London: Palgrave.

11 Bishop, M. L. (2016) *Rethinking the political economy of development beyond “the rise of the BRICS”*. Sheffield: SPERI Paper 30. <http://speri.dept.shef.ac.uk/wpcontent/uploads/2016/07/Beyondthe-Rise-of-the-BRICS.pdf>; Muzaka, V. (2018) *Food, Health and the Knowledge Economy: The State and Intellectual Property in India and Brazil*, London: Palgrave.

12 Healy, N. and J. Barry (2017) ‘Politicizing energy justice and energy system transitions: Fossil fuel divestment and a “just transition”’, *Energy Policy*, 108: 451-459.

13 Velicu, I. and S. Barca (2020) ‘The Just Transition and its work of inequality’, *Sustainability: Science, Practice and Policy*, 17(S2): 263-273.

14 Harrahill, K. and O. Douglas (2019) ‘Framework development for “just transition” in coal producing jurisdictions’, *Energy Policy*, 134: 1-11.

15 Routledge, P., Cumbers, A. and K. D. Derickson (2018) ‘States of just transition: Realising climate justice through and against the state’, *Geoforum*, 88: 78-86.

16 *Ibid.* p.80

17 Thompson, M. S. (2019) ‘Still searching for (food) sovereignty: why are radical discourses only partially mobilised in the independent Anglo-Caribbean?’, *Geoforum*, 101: 90-99.



# Developmental transitions in SIDS: a historical perspective

SIDS have often achieved a level of relative economic development, democratic governance and social cohesion that is the envy of bigger developing countries.<sup>18</sup> Yet they are also highly exposed to exogenous shocks, which can be disproportionately and immediately destructive, and SIDS are therefore inherently vulnerable in ways that larger states are not.<sup>19</sup> This apparent paradox has guided much research on small islands. In the immediate pre- and post-independence era (i.e., the 1960s and 1970s) these debates centred on the notion of ‘viability’ and the extent to which such tiny territories — imbued with the full rights, responsibilities and expenses of statehood — could survive in the international system and enjoy the same kind of self-sufficiency that was believed to typify successful developmental progress. Similar questions have re-emerged regarding low-carbon transitions and the extent to which SIDS should be attempting to move towards a form of self-sufficiency that they have struggled to achieve in the past, or whether we need to imagine something different entirely.

By the 1980s and 1990s, these debates seemed ill-conceived: although SIDS evidently remained highly open and dependent on the global order, they also seemed to perform relatively well in terms of GNI per capita despite the gradual removal of trade preferences.<sup>20</sup> Consequently, a different debate emerged, pitting ideas of inherent vulnerability (which emphasised structural constraints on action) against those of resilience (which emphasised the creative capacities of SIDS). This discussion focused on their ability to find new niches to exploit in the global economy, including financial services, sovereignty sales and labour mobility. It juxtaposed the inherent problems caused by size and geography with the innate entrepreneurialism, creativity and ‘resilience’ of their populations.<sup>21</sup> Data on disasters and global market downturns supported the vulnerability view: in 2004, the damage from Hurricane Ivan cost Grenada around 200 per cent of its annual GDP.<sup>22</sup> Comparatively high GNI per capita and the apparent success of offshoring and enclave capitalism supported the resilience view: most SIDS have continued to generate strong aggregate growth and social progress despite high levels of volatility and fluctuating debt burdens.

There is, though, no contradiction in arguing that SIDS can be both vulnerable and resilient. They are exposed to shocks on a relative scale — which can destroy entire territories or cost hundreds of percent of GDP, with lethal immediacy — that larger states, both poorer and richer, do not face to anywhere near the same extent.

18 Easterly, W. and Kraay, A. (2000) ‘Small states, small problems? Income, growth, and volatility in small states’ *World Development* 28(11): 2013–2027; Briguglio, L. (2003) ‘The Vulnerability Index and Small Island Developing States: a review of conceptual and methodological issues’. Paper prepared for the AIMS Regional Preparatory Meeting on the Ten-Year Review of the Barbados Programme of Action, 1–5 September. Praia, Cape Verde; Baldacchino, G. and Bertram, G. (2009) ‘The beak of the finch: insights into the economic development of small economies’ *The Round Table: Commonwealth Journal of International Affairs* 98(401): 141–160.

19 Briguglio (1995); Bishop (2012).

20 Heron, T. (2013) *Pathways from preferential trade: the politics of trade adjustment in Africa, the Caribbean and Pacific*. London: Palgrave.

21 Baldacchino and Bertram (2009).

22 UNDP and OECS (2007) *Post-disaster Early Recovery in a Caribbean Small Island Developing State — The Case of Hurricane Ivan in Grenada (2004): Best Practices and Lessons Learned*. Bridgetown, Barbados: United Nations Development Programme and Organisation of Eastern Caribbean States.



But this does not imply weakness or a lack of development: many SIDS have had great success in generating high levels of growth and social progress. The point, rather, is that their developmental strategies ‘grow out of a fundamental vulnerability, even if they contribute for the moment to a greater resilience’.<sup>23</sup> Moreover, climate change has clearly — and fundamentally — altered this calculus for many SIDS, for the worse. Low-lying atoll states, in particular, have been forced to confront the viability question urgently,<sup>24</sup> with projected sea-level rise threatening to flood entire islands, rendering them uninhabitable. Serious questions exist, therefore, regarding whether these countries will continue to be ‘states’; but climate change poses similar existential questions for other SIDS as disasters become more frequent and societies and economies less able to cope.<sup>25</sup>

This vulnerability-resilience framing may no longer be appropriate for analysing development in SIDS today, however. The world order hovering into view in the 2020s may pose more challenges for small islands than ever before: politically, it is more fragmented; economically, it is more chaotic; ideologically, it is less permissive; and, most importantly, environmentally, it is rapidly deteriorating. The contours of the global political economy are being reconfigured in ways that pose a serious challenge to the future wellbeing of many SIDS. All developing states are affected, but because small islands are both inherently dependent on the external context for their development and literally on the frontline of climate change, they are forced to address these challenges sooner and more decisively than others, and with fewer resources to do so. In short, most of the development challenges that SIDS face are exogenous to them including those posed by low-carbon transitions.

Economic success in SIDS has been underpinned by their innovation and entrepreneurialism.<sup>26</sup> Yet the constant search for new niches is tough, both because the developmental architecture is necessarily narrower in small territories with limited capacity, and it requires constant adaptation as each niche is extinguished or monopolised by larger states. Moreover, the strategies that have served them reasonably well in recent decades are a particular reflection of an era that is now passing. The world has been in a sustained crisis since the unfolding of the Global Financial Crisis (GFC) in 2008 and the COVID-19 pandemic would seem to be bookending it. What follows will plausibly be quite different and will generate new patterns of constraint and opportunity. These, in turn, will be further intensified by accelerating climate change which will hit SIDS harder and more rapidly than any other group of states.<sup>27</sup> It is unlikely that local island-level resilience and adaptation strategies alone will alter this predicament without major reforms to global aid, trade and climate-related financing that help SIDS to initiate a genuinely just transition.<sup>28</sup>

SIDS have faced pivotal moments, or critical junctures, in their development. The confluence of increased attention being paid to climate change adaptation, post-COVID-19 recovery and debt restructuring, as well as shifting donor agendas, may well be one of these pivotal moments as SIDS face the thorny challenges locally and globally of decarbonising and moving towards ‘net zero’.

23 Payne, A. (2009) ‘Afterword: Vulnerability as a condition, resilience as a strategy’, in Cooper and Shaw, p.285.

24 Vaha (2015); Corbett, J. (2021) ‘Territory, islandness, and the secessionist imaginary: Why do very small communities favour autonomy over integration?’ *Nations and Nationalism*, 26(4): 1087-1103.

25 Bishop, M.L. and Payne, A. (2012) ‘Climate change and the future of Caribbean development’ *Journal of Development Studies* 48(10): 1536-1553.

26 Baldacchino and Bertram (2009).

27 Bishop, M. L., Bouhria, R., Carter, G., Corbett, J., Lindsay, C., Scobie, M and E. Wilkinson (2021) *Towards sustained development in Small Island Developing States: Why we need to reshape global governance?* London: Overseas Development Institute. [www.odi.org/en/sustaining-development-in-small-island-developing-states](http://www.odi.org/en/sustaining-development-in-small-island-developing-states)

28 Scobie, M. (2020) ‘International aid, trade and investment and access and allocation’ *International Environmental Agreements: Politics, Law and Economics* 20(2): 239-254.

# Towards a just transition in SIDS

There is no single transition to ‘net zero’, but many.<sup>29</sup> An immediate problem facing SIDS is what, exactly, is implied in their transition, regardless of how ‘just’ it might be. For one thing, when climate experts deploy the concept, they are, in general, talking about decarbonisation. This in turn reflects the major preoccupation with climate change *mitigation* at the global level: i.e., how to reduce emissions to slow down heating. SIDS evidently have a massive amount at stake in mitigation: indeed, they have been demanding it in the ‘1.5 to stay alive’ demand since their establishment as a formalised, cohesive group with the BPOA in 1994.<sup>30</sup> Yet, as the IPCC’s bleak pronouncements this year demonstrated,<sup>31</sup> they have essentially no control over this occurring, and, while decarbonisation may be worthwhile in general, it may actually be counterproductive for SIDS, for several reasons.

1. Their relative contribution to greenhouse gas emissions is already so scant that their own decarbonisation will have little appreciable impact on global emissions targets. In most cases, they also do not suffer the same labour consequences of closing-down extractive sectors because they suffer from both limited human resources *and* widespread underemployment, which is why they are historically reliant on out-migration. As such, the nature of the transition itself is likely to mean something rather different in small islands than in larger countries.
2. Outside of obvious small-scale changes like the introduction of solar water heaters and LED lighting, decarbonisation could be disproportionately expensive: because of their size, SIDS cannot generally afford large-scale, immediate, infrastructure investments with heavy sunk costs, so they are likely to remain dependent on existing technologies for some time.
3. SIDS have a very restricted range of economic activities, and many rely predominantly on tourism revenues. Transitions to a low-carbon world will have a huge impact on the industry, given its reliance on aviation: in small islands, this transition will not just affect a particular sector, or segment, of the labour market, but rather the entire economy. They will therefore need to imagine new ‘niche’ strategies: citizenship by investment and remote working visas both hint at a future in which a more geographically dispersed labour force lives locally on the islands and works virtually, but this will require contentious changes to citizenship and taxation regimes as well as work practices (with the latter potentially accelerated by the pandemic).

29 Abram, S., Atkins, E., Dietzel, A., Hammond, M., Jenkins, K., Kiamba, L., Kirshner, J., Kreienkamp, J., Pegram, T. and Vining, B. (2020) ‘Just Transition: Pathways to Socially Inclusive Decarbonisation’, COP 26 Universities Network Briefing: [https://www.gla.ac.uk/media/Media\\_758106\\_smx.pdf](https://www.gla.ac.uk/media/Media_758106_smx.pdf)

30 UNGA (1994).

31 IPCC (2021) *Climate Change 2021: The Physical Science Basis*. Contribution of Working Group I to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change: <https://www.ipcc.ch/report/ar6/wg1/>

4. SIDS are *by far* the most vulnerable societies to climate change. Therefore, the absence of transition elsewhere to mitigate temperature rises threatens to affect them more rapidly and more devastatingly than it does larger states. This, again, is a function of size, geography and history: patterns of coastal settlement, development and insular governance have produced developmental legacies that exacerbate their vulnerability to disproportionately damaging events.

So, how might we reconceptualise a just transition in ways germane to the distinctive situation and requirements of SIDS?

As noted earlier, the notion itself is one that emerged in, and has generally been applied to, richer, developed countries, and to a lesser extent, developing countries with large industrial or extractive sectors. Consequently, while decarbonisation is a green model worth following in general, it also suffers from an unstated gigantism: it implicitly envisages a world in which states and communities within them become more self-sufficient and localised, based in turn on the assumption that those societies have both large metropolitan cities with a critical mass of human and financial capital as well as substantial hinterlands for development.

By contrast, a central concern of SIDS over the past century has been how they can function as viable states and societies despite their lack of capacity and non-existent hinterlands, while being dependent on other states and external assistance in order to be able to deliver basic services. This reality has governed their development strategies, from trade preferences and claims for SDT, to enclave capitalism and the ‘niche’ strategies associated with globalisation.<sup>32</sup>

We suggest three broad avenues for further thought and action on the subject: these relate to the meaning and substance of the concept of a just transition, as well as how it might be realised practically. By doing this, we hope to more fully flesh out and reformulate — or reinforce — the concept in ways that help to both fill in some of the gaps in existing research where SIDS are insufficiently considered and point towards profitable courses of policy action.

First, it needs to consider again the meaning of what is ‘just’ and what a ‘transition’ looks like in the distinctive context of SIDS. Only a handful of them — Trinidad and Tobago, Papua New Guinea, Guyana and Suriname — have anything approaching a conventional extractive economy, and they are unique *vis-à-vis* others in terms of territorial size and economic structure (three are large landmasses and two are not even islands). Although SIDS will unquestionably benefit from wider efforts to decarbonise globally — especially if this ultimately leads to a dampening of global temperature rises — their own domestic transitions will necessarily be distinctive. A key part of this auditing the extent to which SIDS remain reliant on carbon-intensive technologies: these, again, have negligible impact on absolute global emissions, so the sunk costs of transitioning away from them — e.g., from petrol and diesel to electric vehicles — may be greater than the social benefit and therefore less ‘just’.

Crucially, what really matters for SIDS is *adaptation* — i.e., adjusting to a world in which climate change is intensifying — for which considerable external financial support is needed.<sup>33</sup> The problem, though, is that, for obvious reasons, metropolitan

32 See Payne, A. and P. Sutton (2007) *Repositioning the Caribbean within globalization*, Waterloo, ON: Centre for International Governance Innovation Caribbean Paper No.1 [https://www.cigionline.org/documents/479/1\\_repositioning\\_the\\_caribbean\\_within\\_globalisation.pdf](https://www.cigionline.org/documents/479/1_repositioning_the_caribbean_within_globalisation.pdf)

33 Bardouille, P. and E. Wilkinson (2020) ‘To finance resilience in small states, governments and development partners must take some risks’ *Devex Website*, 23 October: [www.devex.com/news/opinion-to-finance-resilience-in-small-states-governments-and-development-partnersmust-take-some-risks-98343](http://www.devex.com/news/opinion-to-finance-resilience-in-small-states-governments-and-development-partnersmust-take-some-risks-98343)

policymakers and global agendas are fixated on mitigation; and, of the two priorities, financing for adaptation is less forthcoming. Nonetheless, any conception of a just transition must be reorientated to better account for both mitigation *and* adaptation, with the latter more immediately significant for SIDS than the former. Consequently, research and policy agendas urgently need to consider ‘just’ adaptive strategies in a world in which mitigation is not occurring rapidly enough: rather than managing latent conflict and social justice around local decarbonisation (as in larger countries), what is at stake in SIDS is managing the environmental and social consequences of rapidly accelerating climate change itself, which will hit them harder and faster than elsewhere.

Second, the concept itself should be expanded to take account of the tertiary services industries in which SIDS have a substantial stake alongside the more obviously ‘dirty’ ones in the primary and secondary sector which they generally do not. These also require equitable adaptation strategies. At the very least, many services are carbon-intensive and would benefit from greening. Tourism is the most obvious example. Almost all small island states depend on the sector, many excessively so, and its carbon footprint is substantial.<sup>34</sup> We therefore require work that considers whether or not it might be conceptualised in the same way — for just transitions purposes — as conventional extractive industries, not least since SIDS require practical solutions to a world in which mass tourism may become more difficult as localisation gathers pace elsewhere (and for which the pandemic can be seen as a dry run).

In fact, there are good reasons why tourism might be viewed as an extractive industry: it withdraws capital from delicate ecosystems and social wellbeing. Island peoples pay its hidden costs in exclusion from coastal spaces, over-development, degraded landscapes and marine life, biodiversity loss, coral bleaching, water and energy shortages, and inflated property prices.<sup>35</sup> Extreme volatility in arrivals renders livelihoods precarious, and heavy economic dependence creates regular currency crises and unpredictable debt spikes. Due to its pervasiveness and reliance on state subsidy and international linkages, its gains are frequently captured by multinational cruise and hotel operators, travel agencies and local elites.<sup>36</sup> It presently contributes little to the local agricultural sector and light-goods economy, with food and other tourist consumables tending to be imported. In many places, painful racialised memories of colonialism are reflected in tourism service. It can therefore be a source of social and environmental injustice, with local people bearing substantial negative externalities similarly to those living in the vicinity of mines or oilfields. All of these arguments are debateable. Our key insight, though, is that scholars, policymakers and activists need to think about how the notion of a just transition applies to services: can they be incorporated into its existing conceptual baggage, or does the idea itself need to expand to account for them?

Third, we need to acknowledge that re-scaling is not necessarily synonymous with localisation. Whatever the transitional solutions are for SIDS, they are unlikely to involve scaling down and becoming more self-sufficient. Their economies are inherently open and they are politically dependent on the international system: they are both ‘price-takers’ and ‘rule-takers’<sup>37</sup> Rather, SIDS will ultimately need to scale up and further enmesh themselves in global supply chains if they are to

34 UNWTO and ITF (2019) *Transport-related CO2 Emissions of the Tourism Sector*, Madrid/Paris: World Tourism Organization and International Transport Forum. <https://www.e-unwto.org/doi/pdf/10.18111/9789284416660>

35 Pattullo, P. (1996) *Last Resorts: The Costs of Tourism in the Caribbean*, London: Cassell; Bishop, M. L. (2010) ‘Tourism as a small-state development strategy: pier pressure in the Eastern Caribbean?’ *Progress in Development Studies* 10(2): 99–114.; Telfer, D and R. Sharpley (2015) *Tourism and Development in the Developing World*. London: Routledge.

36 Bishop, M. L. (2013) *The Political Economy of Caribbean Development*, London: Palgrave.

37 *Ibid.* p.77.

engender any kind of transition that maintains living standards.<sup>38</sup> In the past, this has largely been seen through the prism of regionalism whereby they can offset diseconomies of scale by pooling their sovereignty.<sup>39</sup> For the most part, these efforts have been functional and intergovernmental — i.e., involving educational institutions, judicial systems, aviation regulation etc. — rather than supranational. Indeed, deep political integration that sees sovereignty shared has struggled: in the Caribbean due to political insularity; in the Pacific due to geographical remoteness; and in the Indian Ocean due to limited critical mass and proximity to continental African integration initiatives.

Nonetheless, regionalism will likely remain a key plank in any just transition, but there is also the potential for more radical scaling up, perhaps by beefing up interregional bodies like the Alliance of Small Island States (AOSIS) which is has long punched above its weight in climate negotiations.<sup>40</sup> This is especially so given the impact that cryptocurrencies and online work may have on the post-pandemic global economy, with a dramatic expansion in the scope for communities to purchase and provide services beyond state borders. One way that this has happened in the past is via migration and subsequent remittances, which are likely to remain an important source of household incomes in SIDS. But it is also possible that technology and more porous borders will enable access to services without people having to physically leave to obtain them. In either case, the implication is that a just transition for these very small islands is unlikely to involve domestic localisation. Rather, diseconomies of scale will continue to motivate their communities and governments to pursue opportunities beyond their immediate location. They will also require long-term technical and financial assistance to exploit new economic niches through low-carbon transitions, and not get left behind.

38 Persaud, R. (2011) *Fostering Growth and Development in Small States through Disruptive Change: A Case Study of the Caribbean*, Waterloo, ON: Centre for International Governance Innovation Caribbean Paper No.11: <https://www.cigionline.org/documents/639/no11.pdf>

39 Payne, A. (2008) *The political history of CARICOM*. Kingston, Jamaica: Ian Randle; Bishop, M. L. and A. Payne (2010) *Caribbean Regional governance and the sovereignty/statehood problem*, Waterloo, ON: Centre for International Governance Innovation Caribbean Paper No.8: [https://www.cigionline.org/documents/557/caribbean\\_paper\\_8\\_0.pdf](https://www.cigionline.org/documents/557/caribbean_paper_8_0.pdf)

40 Betzold, C. (2010) 'Borrowing' power to influence international negotiations: AOSIS in the climate change regime, 1990–1997; *Politics* 30(3): 131–148; Benwell, R. (2011) 'The canaries in the coalmine: small states as climate change champions', *The Round Table* 100(413): 199–211; Bishop and Payne (2012); Scobie, M. (2019) *Global environmental governance and small states: architectures and agency in the Caribbean*. Cheltenham: Edward Elgar.

# Economic and environmental challenges facing SIDS

Although SIDS face broadly the same ‘existential’ challenges, the way they play out on the ground is distinct. For example, low-lying Pacific atoll states face urgent sea-level rise that is already leading to saltwater intrusion and threatens to drown entire territories; for ‘higher’ forested Caribbean islands, the danger is real, but less acute. In all, though, trade-offs exist between making the investments necessary to decarbonise and transition towards net zero and dealing with adaptive pressures in a context of extremely limited resources. Here, we briefly review the main economic and environmental challenges that constrain the action of SIDS vis-à-vis adapting to accelerating climate change, to contextualise the research and reform agenda that follows.

Three specific economic challenges are worth signalling here:

- The transformation of SIDS from preference-dependent agricultural exporters to niche service providers generated new dependencies. The sunk costs of investments in international airports could equate to an entire year’s GDP, and they became over-reliant on both a limited range of services and limited number of (metropolitan) markets. By 2018, services represented 80% of total exports in half of these countries, with tourism being the most important category in almost all SIDS.<sup>41</sup> Tourism represents over 34% of GDP in all English-speaking Caribbean Community (CARICOM) countries and as much as 62% in St Kitts and Nevis. In the Pacific, the tourism sector represents 11% of regional GDP (of US \$2.8 billion with 130,000 jobs), reaching 40% of GDP in Fiji and Palau. Yet tourism has been halted entirely by COVID-19, and many destinations had barely recovered from the GFC when the pandemic hit. The effects — on foreign exchange reserves, jobs, blighted landscapes and idle depreciating plant — have been enormous. Critics have already questioned tourism’s usefulness as the centrepiece of a development strategy.<sup>42</sup> Moreover, even if arrivals return to pre-2020 levels, it is threatened by competition from cheaper, less remote destinations and, especially, climate change.<sup>43</sup>
- External debt is considerably higher in SIDS than in other developing countries. By 2019, it accounted for 62% of GDP on average, and in many it was well over 100% of GDP.<sup>44</sup> Successive shocks — collapses in revenues after the GFC and more frequent natural disasters — have compounded debt burdens.<sup>45</sup>

41 UNCTAD (2019) ‘Trade and vulnerability’ Note by UNCTAD, September 16, Geneva: United Nations Conference on Trade and Development: [https://unctad.org/system/files/official-document/cid48\\_en.pdf](https://unctad.org/system/files/official-document/cid48_en.pdf)

42 Gössling, S., Scott, D. and Hall, C.M. (2021) ‘Pandemics, tourism and global change: a rapid assessment of COVID-19’ *Journal of Sustainable Tourism* 29(1): 1–20.

43 Mycoo, M. (2018) ‘Beyond 1.5°C: vulnerabilities and adaptation strategies for Caribbean Small Island Developing States’ *Regional Environmental Change* 18(8): 2341–2353.

44 UNCTAD (2020) *External debt sustainability and development*. Report of the Secretary General. United Nations General Assembly, Seventy-fifth session. July, Geneva, Switzerland: United Nations Conference on Trade and Development.

45 Bouhria, R. and Munevar, D. (2019) *External shocks and financial stress post the global financial crisis*. Technical report. Geneva: United Nations Conference on Trade and Development.



Governments borrowed heavily to invest in tourism infrastructure, but shocks had an immediate effect on both their ability to service existing debt, because the industry was no longer generating the same revenues or foreign exchange, and compelled it to take on even more. Moreover, as public debt piles up — with many SIDS spending upwards of 10% of revenues on debt service, and often significantly more — there is very little fiscal room for manoeuvre. The pandemic will further aggravate the debt positions of many SIDS, putting them at greater risk of defaulting, although most have sought some relief from the IMF's COVID-19 Financial Assistance and Debt Service Relief scheme since March 2020.

- The financing challenge in SIDS is also exacerbated by limited access to ODA. Around 5.7% of all ODA reaches SIDS, most of which is captured by Pacific countries.<sup>46</sup> It is also controversial, generally maintaining basic infrastructure rather than facilitating more transformational development.<sup>47</sup> SIDS also struggle to absorb ODA.<sup>48</sup> They look very different to the clients regularly serviced by multilateral development banks, often with just one or two people staffing a given ministry, making traditional forms of lending difficult, and raising questions over their capacity to monitor disbursements. Others are not even entitled to ODA: the GNI per capita measure of development that underpins the Development Assistance Committee (DAC) List of ODA Recipients precludes them because they have graduated to 'high income' status. Caribbean countries, in particular — which tend to be either high-income or upper-middle income (and therefore likely to graduate in the near future) — have questioned the functioning of the DAC list in its present form, arguing that GNI per capita is a misleading measure of progress in very small societies and a wider range of measures and mechanisms for accessing concessional financing is required. The inability to access ODA compounds the debt problem outlined above. Consequently, some have even suggested that the simple fact of small size should be a 'continuous characteristic' that merits aid.<sup>49</sup>

In terms of the environmental panorama, similarly, three specific challenges are also worth signalling:

- Climate change poses a 'transformational, if not apocalyptic' set of implications for the capacity of SIDS to survive, let alone undertake a just transition.<sup>50</sup> They have always experienced hydro-meteorological and geophysical hazards — i.e., hurricanes/cyclones, flooding, volcanoes, earthquakes and tsunamis — due to their distinctive geography and topography: most are located on or near plate boundaries, many are volcanic, and they are generally found within the tropics.<sup>51</sup> The impacts of climate change on SIDS have been documented at length.<sup>52</sup> In addition to increasing the frequency and intensity of hurricanes and cyclones, and adding to coastal erosion, flooding and drought, climate change will intensify coral bleaching, invasive species and infectious disease. SIDS comprise two-thirds of the countries that face the highest losses due to environmental destruction, and the impacts are growing, becoming more complex, and compounding each other by generating recurrent hazards.<sup>53</sup>

46 Hurley, G. (2015) *Financing for development and Small Island Developing States: a snapshot and ways forward*. UNDP & UN-OHRLS Discussion Paper: [www.undp.org/publications/financing-development-and-small-island-developing-states-snapshot-and-ways-forward](http://www.undp.org/publications/financing-development-and-small-island-developing-states-snapshot-and-ways-forward)

47 Dornan, M. and Pryke, J. (2017) 'Foreign aid to the Pacific: trends and developments in the twenty-first century' *Asia & the Pacific Policy Studies* 4(3): 386–404.

48 Feeny, S. and McGillivray, M. (2010) 'Aid and growth in Small Island Developing States' *Journal of Development Studies* 46(5): 897–917

49 Guillaumont, P., Nossek, V. and L. Wagner (2018) 'Improving aid allocation for Small Developing States', in L. Brüguglio (ed.) *Handbook of Small States*. London: Routledge, 263–272.

50 Rhiney, K. and A. K. Baptiste (2019) Adapting to climate change in the Caribbean: existential threat or development crossroads? *Caribbean Studies* 47(2): 59–80.

51 Wilkinson, E., Lovell, E., Carby, B., et al. (2016) 'The dilemmas of risk-sensitive development on a small volcanic island' *Resources* 5(2): 1–21.

52 IPCC – Intergovernmental Panel on Climate Change (2018) *Global warming of 1.5°C. Special Report*. Geneva: IPCC; IPCC (2019) *IPCC Special Report on the Ocean and Cryosphere in a Changing Climate*. Geneva: IPCC; Thomas, A., Baptiste, A., Martyr-Koller, R., Pringle, P. and K. Rhiney (2020) 'Climate change and Small Island Developing States' *Annual Review of Environment and Resources*, 45(1): 1–27.

53 Wilkinson, E., Twigg, J. and R. Few (2018) 'Building back better: a resilient Caribbean after the 2017 hurricanes'. *ODI Briefing Paper*. London: Overseas Development Institute.



- SIDS lack capacity, protective infrastructure, and systems for managing evacuations and the distribution of basic relief support.<sup>54</sup> Environmental problems also intersect with high levels of poverty, socioeconomic exclusion and existing ecological degradation, which is further intensified by mass tourism development and patchy governance frameworks.<sup>55</sup> Moreover, almost all major infrastructure — airports, roads, tourism and other structures — and most housing is located on lower coastal ground.<sup>56</sup> So, while all countries face the challenge of inundations, in SIDS this issue is acute, because of the disproportionate scale of development in coastal zones, the disproportionate cost of protecting them relative to the size of the territory, and the disproportionate lack of alternative land for redirected development. Climate change will place considerable pressure on tourism, especially, both because mitigation will likely reduce air travel but also increased environmental hazards and degradation will reduce the attractiveness of SIDS as destinations. As the goal of limiting warming to 1.5°C recedes into the distance, SIDS desperately require new adaptation strategies for their economies, settlements and ecosystems.<sup>57</sup>
- SIDS face serious difficulty in accessing climate finance. Since COP15 (Copenhagen, 2009) and COP16 (Cancun, 2010) developed countries have committed to mobilise \$100 billion a year by 2020.<sup>58</sup> This was reaffirmed in the Paris Agreement at COP21 (2015) and would in theory come from public, private, bilateral, multilateral, blended and alternative sources.<sup>59</sup> Yet developing countries regularly lament the fact that much of the \$100 billion has not been forthcoming. It is earmarked for large-scale mitigation rather than small-scale adaptation efforts, compounding the problem discussed earlier, and making it relatively far more difficult for SIDS to access, and has tended to be provided in the form of loans rather than as concessional grants.<sup>60</sup> It also falls far short of what is required to achieve the kind of net zero transition envisaged globally, and there is consequently an ‘adaptation gap’ of as much as \$500 billion by 2050, which will only grow — due to the cumulative effects of inaction — the longer insufficient money is forthcoming.<sup>61</sup>

In sum, SIDS are reaching a developmental and environmental crunch point, which has accumulated over time. Limited access to development finance has led them to take on debt, but almost-inevitable external shocks then undermine infrastructure, requiring more borrowing, often leaving them over-dependent on a handful of sectors, especially tourism. This in turn constrains future development endeavours while they often have to build back from a lower environmental base due to the damage sustained. SIDS need support to find a way out of this cycle. The immediate crisis, then, is one of finance. They desperately require stable, predictable, cheap resources for development, but are unable to access it easily.

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54 Terry, J.P. and Goff, J.R. (2012) The special vulnerability of Asia-Pacific islands to natural hazards’, in J.P. Terry and J.R. Goff (eds) *Natural Hazards in the Asia-Pacific Region: Recent Advances and Emerging Concepts*: London: The Geological Society, 3–6.

55 Scobie, M. (2016) ‘Policy coherence in climate governance in Caribbean Small Island Developing States’ *Environmental Science & Policy* 58(1): 16–28; Mycoo, M. (2021) ‘Environmental governance in Small Island Developing States’, in L. Brigulio, J. Byron, S. Moncada and W. Veenendaal (eds) *Handbook of governance in small states*. London: Routledge, 179–194.

56 Mycoo, M. and M.G. Donovan (2017) *A blue urban agenda: adapting to climate change in the coastal cities of Caribbean and Pacific Small Island Developing States*. Washington DC: Inter-American Development Bank; Barclay, J., Wilkinson, E., White, C.S., et al. (2019) ‘Historical trajectories of disaster risk in Dominica’ *International Journal of Disaster Risk Science* 10(2): 149–165.

57 Mycoo, M. (2018) ‘Beyond 1.5°C: vulnerabilities and adaptation strategies for Caribbean Small Island Developing States’ *Regional Environmental Change* 18(8): 2341–2353; Robinson, S.-A (2019) ‘Mainstreaming climate change adaptation in small island developing states’ *Climate and Development* 11(1): 47–59.

58 UNFCCC (2009) *Copenhagen Accord draft decision -/CP.15*. United Nations Framework Convention on Climate Change. Geneva: <https://unfccc.int/resource/docs/2009/cop15/eng/107.pdf>.

59 Pandit Chhetri, R., Schäfer, L. and C. Watson (2021) *Exploring loss and damage finance and its place in the Global Stocktake*. The Independent Global Stocktake (iGST) and Finance Working Group (FWG).

60 Bishop and Payne (2012).

61 Sharma-Khushal, S., Laurent, E., Greene-Dewasmes, G. (2021) *Survival of Small Islands: Will COP26 Deliver?* Castries, St Lucia: iDERA.

The broader issue, then, is that SIDS are squeezed out from concessional development financing due to their relatively high levels of GNI per capita, despite their development being considerably more precarious and subject to rapid setbacks than in larger states. They are also squeezed out of climate financing because it is not helpful or designed with their specific transitional adaptive needs in mind. So, while they should be major recipients of it, the climate money going to individual SIDS for adaptation falls well below their needs.<sup>62</sup> They are entitled to concessional financing immediately after a disaster, however this can only really serve as a palliative to restore the uneasy balance that previously existed, rather than decisively improving their future viability. Underlining all of these issues are enduring capacity constraints: even when support is available, they often struggle to apply for it; if they can access it, they struggle to manage it; and if they do achieve this, they often struggle to absorb it.

The world, moreover, is changing rapidly around them.<sup>63</sup> The specific challenges they face are influenced by three further contextual shifts that are reshaping the external environment that they have to navigate in pursuit of their transitions:

- The ‘niche’ strategies that served many small islands well under globalisation relied on an international economic order that was remarkably permissive.<sup>64</sup> These were, of course, not without their problems: the earlier ending of trade preferences and transition to service-based economies decimated rural livelihoods and left many SIDS reliant on unstable sources of foreign exchange such as tourism and offshore finance, with wider knock-on effects in debt servicing, infrastructural development, and social progress. Nonetheless, the era that is now hovering into view is witnessing those strategies come under threat, and it is not immediately obvious what will replace them.
- The geopolitical trend from the global financial crisis (GFC) of 2008-onwards reflects a long period of sustained crisis which is only reaching its dénouement now with the COVID-19 pandemic. Over the past decade, the international political and economic order has changed in ways that are not always easily visible. Global governance has become more fragmented and contested, with the return of ‘great power politics’ likely to crystallise in the coming years. In recent decades, SIDS have participated — as far as possible — in international fora, but there is no guarantee that a relatively benign liberal order that formally respects their sovereignty will not give way to something more contentious and power-based.
- The climate crisis is intensifying drastically. The most recent Intergovernmental Panel on Climate Change report in August 2021 noted how global heating is ‘widespread, rapid and intensifying’ and the 1.5°C limit is likely to be breached within twenty years, not later in the century as previously anticipated.<sup>65</sup>

For SIDS, these three structural shifts together represent a decisive epochal challenge, primarily because they fundamentally call into question the basis of their engagement with the outside world for the past few decades. Economically, it is far from obvious whether the kinds of service-based industries that they have relied on of late will remain profitable in the contemporary era. Politically, they can no longer rely on a permissive liberal environment in which norms of sovereign state equality and the primacy of multilateral diplomacy — arenas in which their voices have been heard far more frequently than might be expected — are under threat.

62 Bardouille and Wilkinson (2020).

63 See Bishop *et al* (2021) for a considerably more thorough treatment of this argument.

64 Ibid.

65 IPCC (2021).

Environmentally, the call to limit global heating to 1.5°C was literally the centrepiece of a strategy that will now not be met: atmospheric CO<sub>2</sub> has already reached 413 parts per million (ppm) whereas the concentrations envisaged in the original ‘1.5 to stay alive’ demand was 350ppm, which in turn contrasted with earlier international agreements to limit warming to 2°C on the basis of up to 550ppm (concentrations which would be deeply destructive for SIDS).<sup>66</sup> The upshot is that the ecological effects of warming are already emerging to destabilise island ecosystems far sooner than expected.

# A reform agenda

As the global context changes, so too does the ability of SIDS to achieve genuinely sustainable development — that is, development which is socially and ecologically viable, sustained and enduring over time.<sup>67</sup> There may, however, be a window of opportunity for SIDS to shift global priorities as donors and international organisations seek to make good on the international community’s pledge, articulated in the ‘Small Island Developing States Accelerated Modalities of Action — SAMOA Pathway’, to treat these states as a special case for sustainable development.<sup>68</sup>

At minimum, three intersecting routes are needed to create more favourable global governance conditions for SIDS’ climate resilience, low-carbon transitions and sustainable development, and, on that basis, underpinning a future in which transitions occur in ‘just’ ways in small islands:

- (a) revisiting eligibility criteria and improving access to ODA;
- (b) receiving a fairer share of — and improved access to — climate finance; and
- (c) greater debt relief and long-term debt restructuring.

Revisiting eligibility criteria (a) matters because GNI per capita is a notoriously poor measure of progress in tiny societies, especially ones with economies which are highly concentrated in a few services sectors, and which experience regular shocks than can decimate large parts of their territory or cause damage costing multiples of their GDP. Not only do SIDS struggle to access ODA, but private capital flows — such as foreign direct investment (FDI) and remittances — are also volatile, making it difficult for them to make the capital investments necessary to buttress themselves against climate change impacts or to effect just transitions. SIDS at all levels of per capita income will require substantial external assistance to adapt to climate change. The Multidimensional Vulnerability Index (MVI) being developed by the UN for SIDS offers great potential for developing additional (or exceptional) eligibility criteria for ODA and concessional finance (alongside GNI per capita criteria) that align with commitments under the Paris Agreement. In parallel to discussions about eligibility criteria, development partners also need to develop more systematic and long-term approaches to strengthening national capacities and overcoming absorptive constraints.<sup>69</sup> Small administrations and high transaction costs are structural characteristics of SIDS and cannot be removed, but there are forms of assistance, such as budget support and long-term capacity development programmes, that can help ensure these constraints do not prevent SIDS from accessing and absorbing external finance for transitional programmes.

SIDS have the greatest need for climate finance (b) to undertake adaptation efforts, but also the most limited capacity to access it and are far from obtaining the volumes required.<sup>70</sup> This is despite the fact that the IPCC and UNFCCC have long recognised their particularly vulnerable status and need for public and grant-based resources

67 Wilkinson, E. Scobie, M., Lindsay, C., Corbett, J., Carter, G., Bouhia, R. and Bishop, M. L. (2021) ‘Sustaining development in Small Island Developing States: a reform agenda’, *ODI Briefing Paper*. London: Overseas Development Institute: <https://odi.org/en/publications/sustaining-development-in-small-island-developing-states-a-reform-agenda/>

68 UNGA (2014).

69 Quak, E. (2019). *How losing concessional finance affects Small Island Developing States (SIDS)*. K4D Helpdesk Report No 626. Brighton, UK: Institute for Development Studies.

70 Robinson (2019).

for adaptation.<sup>71</sup> Responding to this, the Green Climate Fund recently made a commitment to prioritise SIDS in adaptation efforts.<sup>72</sup> However, this is inhibited by the lack of scaling up to \$100 billion by developed countries and enduring reliance on non-grant instruments. Around half of climate finance to SIDS is non-concessional.<sup>73</sup> A new climate finance goal — which is on the agenda for COP26 — will need to be quite different from its predecessor, in both content and complexity. Unlike development or humanitarian finance, climate finance is based on an explicit historic responsibility, in addition to a moral imperative. Yet to meet the targets in the Paris Agreement, climate finance must also be used effectively to drive the transition to low-carbon, climate-resilient economies and societies. The very existence of SIDS depends on this transition. So, a robust debate is required on appropriate levels of concessionality for adaptive climate finance and what a ‘fair share’ of it should be for SIDS given their disproportionate levels of vulnerability and minimal contribution to global heating.

As for (c) debt relief and restructuring, the collapse in tourism revenues and pandemic-induced economic slowdown have aggravated the already-precarious debt positions of SIDS, putting them at greater risk of defaulting. But these problems have far deeper roots than the recent crisis. They desperately require fiscal space, which, in the absence of domestic resources, must be provided by the international community in some way. Mechanisms are required for SIDS with relatively high per capita GNI levels to benefit from ‘debt standstills’ from all creditors, whether bilateral, multilateral or private.<sup>74</sup> Given the alarming levels of debt distress in SIDS, private creditors should be encouraged to join temporary debt repayment suspension programmes to allow time for economic recovery and avert huge financial losses in the future (should the country default or require debt restructuring).<sup>75</sup> Moreover, SIDS are due an urgent assessment of long-term debt sustainability. Repayment needs to be compatible with restoring and maintaining sustainable and inclusive growth beyond the COVID-19 crisis, as well as facilitating the kind of transitions that will allow them to adapt to climate change while ensuring social stability and economic justice. Some type of debt relief or restructuring initiative that goes beyond a temporary standstill is therefore desperately required.<sup>76</sup> One option being considered by small island governments is swapping debt for climate change adaptation and mitigation measures. So-called ‘debt-for-climate swaps’ offer debt forgiveness to countries that commit to funding conservation and natural resource management, resilience and renewable energy projects. Such fiscal innovation will be central to generating a just transition.

Finally, what are the research gaps that require filling when it comes to understanding and envisioning just transitions in SIDS, going forward?

71 UNFCCC (2015) *Paris Agreement to the United Nations Framework Convention on Climate Change*. Geneva: UNFCCC, [https://unfccc.int/sites/default/files/english\\_paris\\_agreement.pdf](https://unfccc.int/sites/default/files/english_paris_agreement.pdf).

72 GCF (2020) *Climate action during the pandemic. Green Climate Fund Annual Results Report*. Incheon, Korea: Green Climate Fund, [www.greenclimate.fund/sites/default/files/page/gcf-annual-results-report-2020\\_0.pdf](http://www.greenclimate.fund/sites/default/files/page/gcf-annual-results-report-2020_0.pdf).

73 Oxfam (2020) *Climate finance shadow report 2020: assessing progress towards the \$100 billion commitment*. Oxford: Oxfam

74 OECD (2020) ‘Donors agree on aid treatment of debt relief’ Paris: Organisation for Economic Co-operation and Development Website, 30 July, [www.oecd.org/newsroom/donorsagree-on-aid-treatment-of-debt-relief.htm](http://www.oecd.org/newsroom/donorsagree-on-aid-treatment-of-debt-relief.htm).

75 Piemonte, C. (2021) *The Impact of COVID-19 Crisis on External Debt in Small Island Developing States*, Paris: Organisation for Economic Cooperation and Development, [https://www.oecd.org/dac/financing-sustainable-development/External-debt-in-small-island-developing-states\(SIDS\).pdf](https://www.oecd.org/dac/financing-sustainable-development/External-debt-in-small-island-developing-states(SIDS).pdf); Prizzon A. and J. Puduserry (2020) *From aid to development partnerships: lessons from the literature and implications of the Covid-19 crisis*. London: Overseas Development Institute, [https://cdn.odi.org/media/documents/Aid\\_final2.pdf](https://cdn.odi.org/media/documents/Aid_final2.pdf).

76 Humphrey, C. and S. Mustapha (2020) ‘Lend or suspend? Maximising the impact of multilateral bank financing in the Covid-19 crisis’. ODI Working Paper 585. London: Overseas Development Institute, [https://cdn.odi.org/media/documents/Lend\\_or\\_suspend\\_Maximising\\_the\\_impact\\_of\\_multilateral\\_bank\\_financing\\_in\\_the\\_Covid.pdf](https://cdn.odi.org/media/documents/Lend_or_suspend_Maximising_the_impact_of_multilateral_bank_financing_in_the_Covid.pdf).

We have discussed here the ways in which a transition differs in small islands due to their size, geography and history, and that the implications and gains from decarbonisation — and research about it — differ dramatically to experience of larger states. Specifically, we argued that:

1. SIDS make negligible contributions to global emissions and adapting to the effects of accelerating climate change rather than mitigating is, for them, a far more urgent priority;
2. By and large, they have no conventional extractive sectors to decarbonise, and the sunk costs and technological risks implied in greening their economies in a context of huge indebtedness may outweigh the benefits of doing so; and
3. The just transitions concept, which is distilled largely from the experience of developed countries with substantial polluting sectors, emphasises greater localisation, yet SIDS have fixed constraints on domestic capacity and therefore require the scaling-up of initiatives.

An obvious place where a forward-looking agenda that encapsulates these concerns might begin is the tourism sector. Indeed, given its pervasiveness in SIDS, no transitional strategy can ignore tourism, yet it could also be the fulcrum on which such a strategy turns. Therefore, thinking through what a just transition looks like in tourism — in which the concept is reoriented and expanded to (1) take better account of both mitigation *and* adaptation, (2) include tourism *as* a distinctive kind of extractive industry, and (3) consider rescaling as about scaling up regionally and inter-regionally as well as down locally in the pursuit of pooled resources and co-developed strategies — can offer us much in terms of understanding and responding to SIDS' experiences of a decarbonising world.

These territories are both the most tourism-dependent societies on earth, and, because of its concentration in many of their economies, they have suffered disproportionate — even devastating — accumulated losses from the GFC and the COVID-19 pandemic. Both shocks affected every area of their economies and societies, representing a harbinger of what might happen as global heating intensifies. Tourism will surely recover, up to a point and at least until the next crisis, but it is evidently an extremely fragile industry on which to build a broad-based development strategy, especially when accelerating climate change and broader efforts to decarbonise target the aviation sector.

Consequently, there is much that might be gained, both in thinking through the extent to which tourism might be conceptualised as an 'extractive' sector like mining, oil and gas, or energy production — albeit with its own distinctive peculiarities — and in terms of understanding the specific transitions that SIDS might have to make away from it as climate change intensifies. At the very least, introducing decarbonisation without first re-envisioning mass tourism as an extractive industry and thinking through the policy implications of this is likely to compound these existing injustices and inhibit a genuinely just transition.

Such work may facilitate the filling of a compelling research and policy knowledge gap on SIDS themselves — i.e. by asking what comes after COVID-19 and the decline of the globalisation 'niches' of which tourism is emblematic? — but it would also have much to say about just transitions in general by complimenting the dominant focus on obviously 'dirty' industries and scaling down in large countries with perspectives from smaller and more marginalised places, other industries in the tertiary sector, and scaling-up that all-too rarely feature on research agendas on the subject.

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