

# Enhancing Competitiveness in Small Island Development States

A UNIDO-Competitive Industries Partnership



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# Key messages

SIDS are a very heterogeneous group in terms of key economic and social indicators. But they do share common constraints to competitiveness such as small internal market size, limited regional and global connectivity, and restricted pool of growth sources. Given the trends of ageing populations, youth unemployment and persistent skills migration, there is an urgent need to create quality jobs.

Many of the competitiveness challenges faced by SIDS can be partly resolved through appropriate industrial policies and competitiveness strategies, as evidenced by results achieved in active Competitive Industries projects, and our growing portfolio in several SIDS.

Competitive Industries has successfully implemented strategies such as: sector prioritization, upgrading value chains, public investment planning to sequencing them to unlock private sector investments, leveraging existing investments and promoting growth of new sectors, skills



## **SIDS: heterogeneous, but with many common challenges**

Competitiveness strategies to generate quality jobs

Some lessons from our interventions in SIDS

Questions for further discussion



# SIDS are very heterogeneous on key economic and social indicators: GDP, poverty, population, competitiveness

## Poverty

(% of population living under \$1.25 a day)

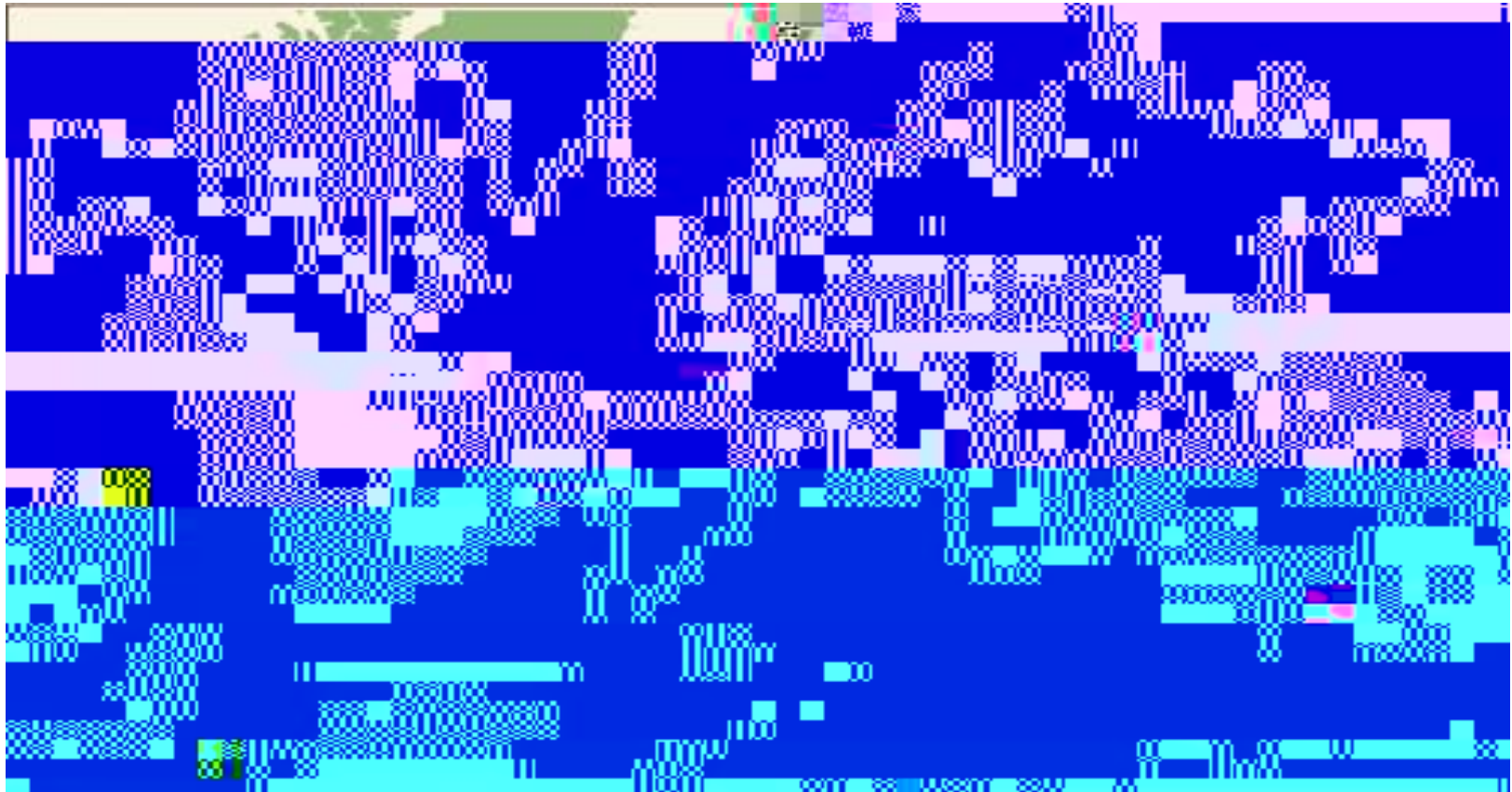
Haiti: 54.9%

Seychelles: <2.0%

## GDP

Singapore: \$222.7 billion

Tuvalu: \$31.4 million



## Population

Cuba: 11.3 million

Niue: 1,500

## Competitiveness

(Doing Business 2014 Rankings)

Singapore: 1

# Despite the heterogeneity, many SIDS face common challenges: small internal markets, limited growth sources and connectivity

**Small  
internal  
market size**

**Limited  
regional and  
global  
connectivity**

**Small pool  
of growth  
sources**

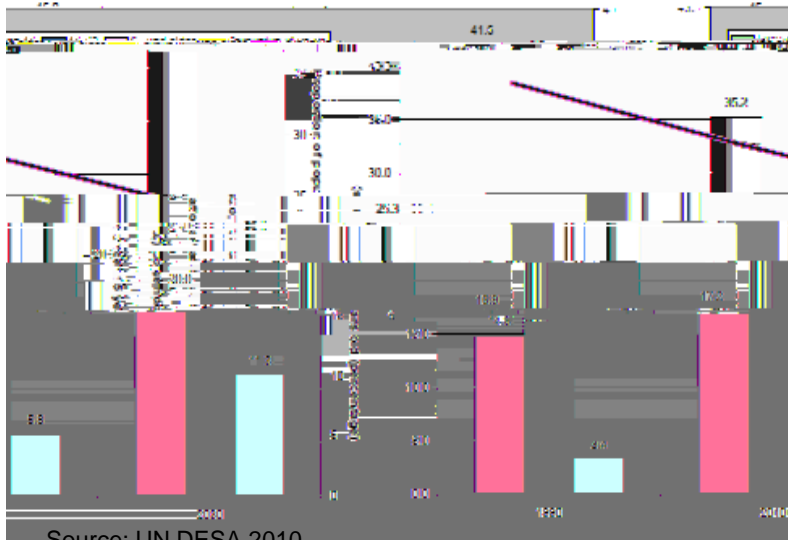
Vulnerabilities

) and World



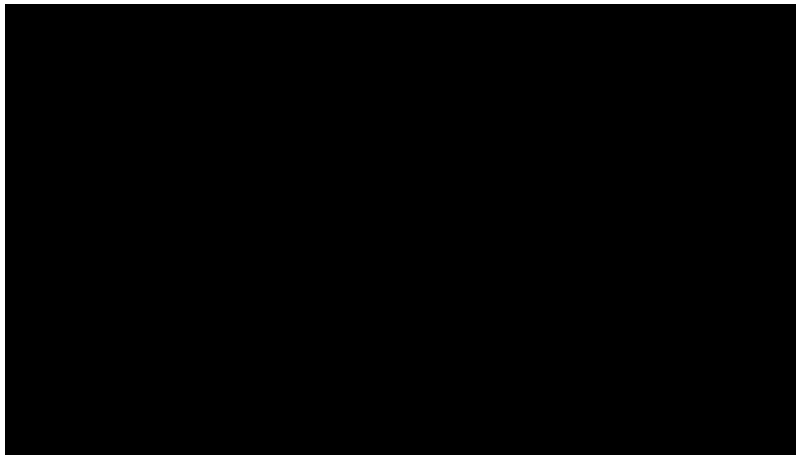
# Urgent need to create quality jobs in SIDS: aging population, youth unemployment, skills emigration, economic volatility

Youth proportion falling, as SIDS population ages rapidly



Source: UN DESA 2010

Youth unemployment is an urgent concern



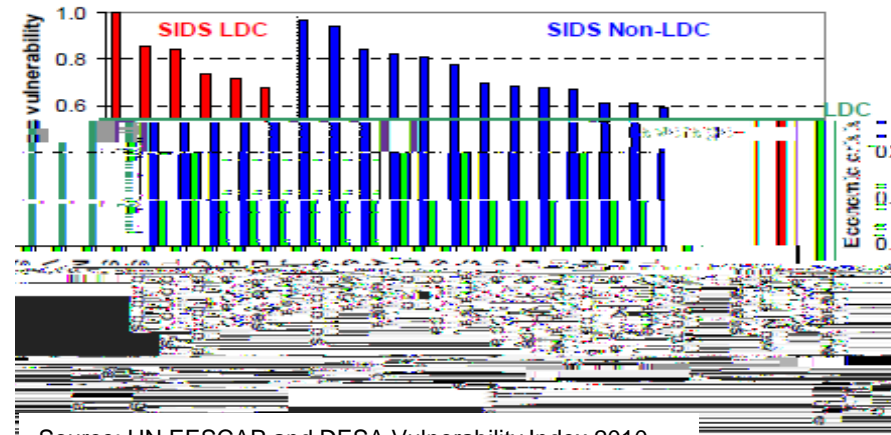
Source: UN MDG Indicators 2010

## Brain Drain in SIDS\*:

Emigration rates of SIDS are far developing countries

- low-skilled workers (15.6%), 13 percentage points higher than LDCs
- college graduates (50.8%), 37

Overall, SIDS show more economic vulnerability than avg LDCs



Source: UN EESCAP and DESA Vulnerability Index 2010

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# SIDS challenges can be partly resolved through appropriate industrial policies and competitiveness strategies

## SIDS key issue areas

## Industrial competitiveness strategies

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Market size disadvantage

Upgrading and connecting local SMEs to regional and global markets

Poor connectivity and linkages

Developing





# What can industrial policies and competitiveness strategies bring to the table?



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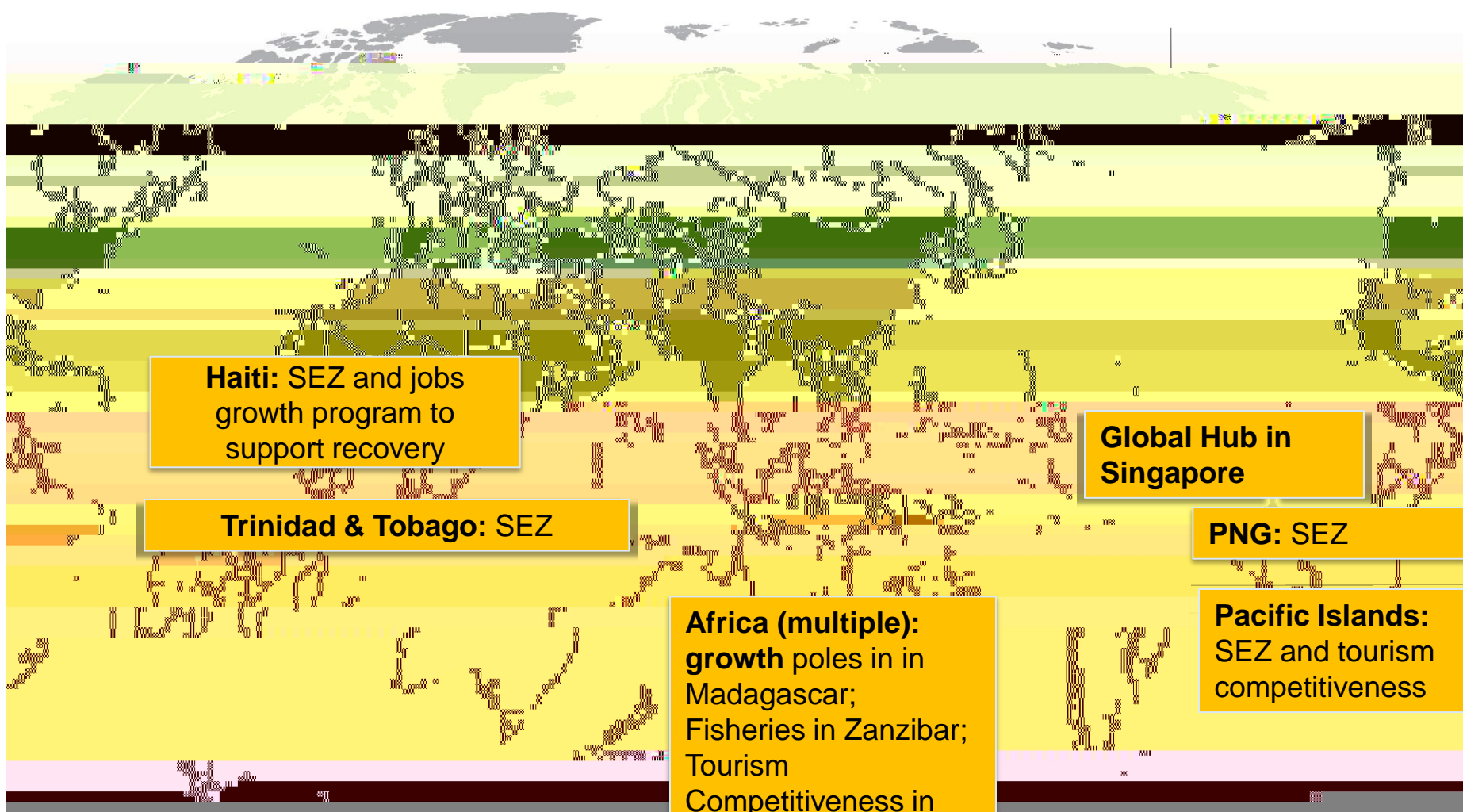
Competitiveness strategies to generate quality jobs

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# Active and growing Competitive Industries portfolio in several G-8 G'k \ JW 'jg'U'gi VgYhcZH Y'K 6 ; G'cj YfU`G-8 G'dcfhZc`'jcÅ



**Haiti:** SEZ and jobs growth program to support recovery

**Trinidad & Tobago:** SEZ

**Africa (multiple):** growth poles in in Madagascar; Fisheries in Zanzibar; Tourism Competitiveness in Cape Verde, Seychelles, Comoros

**Global Hub in Singapore**

**PNG:** SEZ

**Pacific Islands:** SEZ and tourism competitiveness



# Competitive Industries in SIDS example 2: Zones 3.0 project in Trinidad & Tobago

### Project location and title

*Trinidad and Tobago Investment Promotion*

### Objective

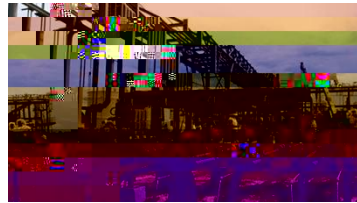
Strategic guidance to improve the quality and effectiveness of investment promotion and special economic zones (SEZs).

### Description

- Assessment of policies and strategies for supporting special economic zones
- Support in design and implementation of Project Implementation Unit
- Modernizing policy and legal framework specifically National IP and EZ policy
- Develop detailed IP/SEZ strategy and implementation plan, working with PIU
- Conduct evaluation of all estates, due diligence of undeveloped public lands in preparation for PPPs
- Help build the capacity of the Monitoring & Evaluation department in MTII (via consultants, training, etc.)

### Focus Areas within Competitive Industries

**Practice:** Special Economic Zones



### Project Deliverables

- Development of a pilot multi-project SEZ program
- Development and management of existing IT Park
- Support to the Policy and Program Implementation Framework
- Investment Promotion Support
- Capacity building workshops for public and private sector stakeholders.

### Impact

- Enhanced regional co-operation
- Strengthened fisheries management
- Economic benefits through private sector development
- Effective project management



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## Some questions for further discussion

What are the biggest risks and challenges faced by SIDS in improving industrial competitiveness?

How is private sector currently engaged? What is needed?

Have any SIDS identified the next high growth niche?



# Appendix





# Competitive Industries in SIDS example 3: Increasing Linkages for Pro-Poor Tourism in Cape Verde

## Project location and title

*Increasing Linkages for Pro-poor Tourism Development in Cape Verde*

## Objective

Identify linkages and leakages in tourism value chain  
Identify opportunities for the fisheries and agriculture sectors to supply the tourism sector more competitively.

## Description

Map out how tourist expenditures create jobs in the sector and in households working in agriculture and fisheries  
identify potential opportunities and investments for the fisheries  
Findings will pinpoint how current legislation is generating leakages, linkages, and reducing poverty along the tourism value chain.

## Focus Areas within Competitive Industries

**Practice:** Capacity Building, Linkages

## Project Deliverables

supply tourism market  
South-south learning from Seychelles on sustainable tourism, labelling and standards  
Inputs to Ecotourism legislation and strategy

## Impact

Improvements in the local fish value



# Competitive Industries in SIDS example 4: Improving competitiveness of Fisheries in Zanzibar

## Project location and title

*South West Indian Ocean Fisheries  
Governance and Shared Growth Project*

## Objective

Enhance the capacity and organization of the fisheries sector in Mainland Tanzania and Zanzibar

## Description

Value chain analysis for fisheries, enterprise survey and demand-supply matching for mariculture  
Public private dialogue in forming the apex institution to coordinate sectoral activities  
Feasibility studies and economic analysis for 2 projects  
Access to finance (matching grant funds for formal firms, *Village Savings and Loans* program for artisanal fisheries)

## Focus Areas within Competitive Industries

**Practice:** Competitive Value Chains



## Project Deliverables

Sector Analytical notes and surveys  
Setting up Fisheries Apex Institution  
Delivery of feasibility studies

## Impact

Enhanced regional co-operation  
Strengthened fisheries management  
Economic benefits through private sector development  
Effective project management

# Example 5: Creating jobs in post conflict in Haiti through zones

Urgent need for job/investment generation post quake. Country has existing SEZ legal



**COMPETITIVENESS STRATEGY IN SIDS**

**Policies at island-level**



Support to Export Superstars  
Innovation Funds  
Subsidized loans for entrepreneurs

E-governance  
R&D Commercializing schemes  
(esp in nature based products)

Cost reduction through shared  
logistics, inputs, innovative  
finance,

— Actions taken by governments

— Actions taken by private sector

