UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

POLICY ANALYSIS

## Aligning economic development and water policies, in small island developing States



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UNITED NATIONS Geneva, 2022 © 2021, United Nations

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This publication has not been formally edited.

United Nations publication issued by the United Nations Conference on Trade and Development.

UNCTAD/ALDC/2021/6

UNITED NATIONS PUBLICATION e-ISBN: 978-92-1-001225-6



#### ACKNOWLEDGEMENTS

This paper was prepared by Kris Terauds, Economic Affairs Officer and Darell Bloch, Intern, in UNCTAD's SIDS and Status Issues Section, under the direction of Paul Akiwumi, Director of Division on Africa, Least Developed Countries and Special Programmes and the supervision of Patrick Osakwe, Chief, Trade and Poverty Branch.

The authors are grateful for valuable contributions from Mesfin Mekonnen, Assistant Professor at The University of Alabama and UNCTAD colleagues: Alexandra Laurent, Statistician in the Commodities Branch; Tansug Ok, Economic Affairs Officer in the Office of the Director, Division on International Trade and Commodities; and Robert Hamway, Economic Affairs Officer in the Trade and Environment Branch.

Nadège Hadjemian prepared the overall design and cover artwork.



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# Introduction

#### **1** INTRODUCTION

Small island developing States (SIDS) are among the most water-scarce countries in the world, with seven in ten SIDS facing risks of water shortage, including nine in ten low-lying SIDS (UNESCO, UNEP, 2016). Water being an element of life, its scarcity undermines fundamental priorities, such as the human right to clean water and sanitation and the conservation of habitat and biodiversity.

By extension, water scarcity constrains economic development in SIDS. A limited availability of freshwater impacts, for example, the feasibility of developing water-intensive industries that might otherwise be suited to SIDS' contexts, such as fish processing, beverages, textiles, or smelting and refining metals. From a different angle, water scarcity impacts the feasibility of more productive production models, in particular irrigated agriculture. Scarcity also imposes zero-sum compromises in the allocation of water between the production of, on one hand, essentials such as food and energy and, on the other hand, commercial goods and services.

In SIDS where water scarcity precludes investments in higher-value industries, or in other productive capacities, such as infrastructure, human capital or institutions, it constrains the structural transformation of the national economy, limiting long-term development and growth prospects.

Climate change is steadily exacerbating the strategic risk posed by water scarcity. SIDS are highly exposed to climate changes such as sea level rise, changing rainfall patterns and more frequent and severe weather events, all of which threaten to reduce the availability of freshwater resources (Nurse, *et al.*, 2014; Oppenheimer, *et al.*, 2019).

#### Box 1 – Water security and scarcity

UN-Water defines water security as follows. An infographic of the concept is included in Annex 1. "The capacity of a population to safeguard sustainable access to adequate quantities of acceptable quality water for sustaining livelihoods, human well-being, and socio-economic development, for ensuring protection against water-borne pollution and water-related disasters, and for preserving ecosystems in a climate of peace and political stability."

Meanwhile, "water scarcity" is a general term that covers a spectrum of worsening states of water availability, measured in terms of water supplies per capita. Areas where water supplies fall below 1,700 cubic metres (m<sup>3</sup>) per person are under "water stress"; those below 1,000 m<sup>3</sup> per person are "water scarce" and those with less than 500 m<sup>3</sup> of water per person face "absolute scarcity".

Despite the strategic threat posed by mounting scarcity, water security is only sporadically treated in SIDS' economic development plans. By contrast, many of their plans are tempered with policies to build resilience and mitigate other major risks to their sustainable development, such as climate change adaptation, disaster risk reduction and ensuring food security.

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