Dear Foreign Secretary,

The horrific devastation wrought by Hurricane Beryl offers the new Labour government an immediate opportunity to make a positive global impact.

The destruction facing these small island economies will be enormous. In 2004, Hurricane Ivan caused damage in Grenada worth a staggering 200% of GDP. Dominica, which closely escaped Beryl’s clutches, is now one of the most heavily indebted countries in the world after Hurricane Maria (2017) wiped out 226% of GDP. Is it possible to even conceive of a comparable event in the UK context short of nuclear Armageddon? Nothing can do damage on the same relative scale: even the £300bn+ cost of Covid-19 only amounted to around 10% of GDP.

Many small islands are struggling with insupportable debt burdens caused not by fiscal profligacy, but the elevated cost of repeated rebuilding after intensifying climate-related shocks for which they bear no responsibility. Rich and big countries are largely responsible for accumulated emissions, and most able to evade their debilitating consequences. So they owe it to small islands to drastically change this palpably unfair and inequitable settlement.

For Grenada, it took 20 years to reduce debt to around 70% of GDP. Yet the country now faces, once more, taking on expensive commercial borrowing to clean up a mess not of its making. St Vincent and the Grenadines and Jamaica—the latter also coming out of a painful decade-long austerity programme that reduced debt to around 75% of GDP—face the same invidious choices.

All three have taken measures to be more fiscally resilient. They have taken out insurance for tropical cyclones and excess rainfall, and lenders—including the UK—are offering small islands climate-resilient debt clauses in their loan contracts. This means they get a break from paying back debt while they recover from a disaster. But the UK government should now go much further. These countries deserve immediate debt cancellation provided through a pre-arranged mechanism that triggers automatically in the event of a qualifying disaster such as the current one, combined with affordable insurance to limit the cost of future financing. Moreover, as the post-Beryl future promises to become even more dystopian, it is now time for the world to step up and provide small island states with their very own Marshall Plan. This includes debt restructuring for all SIDS with high debt service levels and adaptation needs; action to lower future borrowing costs for SIDS; a large-scale programme of green and resilient infrastructure development and economic diversification, to buffer small-island economies; improved access to climate funds, through minimum annual funding allocations for SIDS; and scaled-up support to the Loss and Damage Fund.
The moment demands nothing less. There is much the UK, which in recent years has been an important voice for small-island agendas, can do to push these demands forward at the global level. As we head towards COP29 and the UK sets out its new global ambitions on climate and development, we welcome the opportunity to work with you on policy solutions that would deliver a more resilient future for small island developing nations.

Letter coordinated by Matthew Bishop, Emily Wilkinson, Gail Hurley, Courtney Lindsay, ODI Resilient and Sustainable Islands Initiative (RESI), London

Signatories

1. The Hon. Gaston Browne, Prime Minister of Antigua and Barbuda
2. Dr. The Hon Ralph E. Gonsalves, Prime Minister of Saint. Vincent and the Grenadines.
3. Honourable Dickon Mitchell, Prime Minister of Grenada and Minister for Infrastructure and Physical Development, Public Utilities, Civil Aviation and Transportation, Minister for National Security, Home Affairs, Public Administration, Information and Disaster Management [added 17 July 2024]
4. H.E. Fatumanava-o-Upolu III Dr. Pa’olelei Luteru, Chair of the Alliance of Small Island States (AOSIS)
5. H.E. Mohamed Nasheed, CVF Secretary-General, former President of Maldives
6. Sara Jane Ahmed, Managing Director & V20 Finance Advisor, CVF-V20 Secretariat
7. Jwala Rambarran, former Governor, Central Bank of Trinidad & Tobago and current Senior Policy Advisor, Caribbean Policy Development Centre
8. W. Andy Knight, FRSC, Distinguished University Professor and Provost Fellow, Black Excellence and Leadership, University of Alberta, Edmonton, Alberta, Canada
9. Andrew F. Cooper, University Research Chair, Department of Political Science, and Professor, the Balsillie School of International Affairs, University of Waterloo, Canada.
10. tavis d. jules, Professor, Loyola University Chicago, USA
12. Matthew Wilson, Professor and Director, Geospatial Research Institute Toi Hangarau, University of Canterbury, New Zealand
13. Adrian Cashman, Former Director at the Centre for Resource Management and Environmental Studies, Cave Hill Campus, University of the West Indies
14. Kevin P. Gallagher, Director, Boston University Global Development Policy Center; Professor of Global Development Policy, Frederick S. Pardee School of Global Studies at Boston University
15. Anthony Payne, Professor Emeritus of Politics, University of Sheffield
16. Paul Sutton, Retired Senior Professor, Caribbean Studies Centre, London Metropolitan University
17. Carola Klöck, Professor, Sciences Po Paris
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21. Jack Corbett, Professor of Politics and Head of the School of Social Sciences, Monash University, Australia