



Small States and the Commonwealth

Strengthening resilience for
sustainable development



The Commonwealth

Small States and the Commonwealth: Strengthening Resilience for Sustainable Development

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Front cover: Pauline Chule, who sells homemade bread each morning on the side of the road in Kakabona village, Solomon Islands.

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Championing small states

The Commonwealth has long been recognised as a champion of small states. Over four decades of work has put the Commonwealth at the forefront of policy research and global advocacy for small states. Two-thirds of the world's small states are members of the Commonwealth, and they account for a quarter of votes at the UN General Assembly.

Thirty-one of the Commonwealth's 53 member countries are small states – mostly with populations of around 1.5 million or less. They share special characteristics including:

- vulnerability to natural disasters
- vulnerability to external economic shocks, such as fluctuations in world trade
- limited market diversification
- limited human and institutional capacity
- limited access to external capital.

In their communiqué of 12 November 2013, Commonwealth Heads of Government noted that the global economic crisis disproportionately impacted small states. These countries have been slow to recover, struggle to meet the Millennium Development Goals and some have high debt burdens, which pose a severe threat to their economic growth. Leaders tasked the Commonwealth with establishing a group of ministers to explore ways of dealing with the issue of debt in small and vulnerable states. This group met with the heads of key International Financial Institutions, like the International Monetary Fund, World Bank and Inter-American Development Bank in Washington, on innovative approaches and specific proposals that are starting to be explored.

An Open-Ended Ministerial Working Group on Small States, agreed by Commonwealth Heads of Government, held its inaugural session in Saint Lucia on 25 March 2014, to: *"support small states in identifying key priorities and practical actions to progress in the context of the Third International Conference on Small Island Developing States in 2014 and development of the Post-2015 Development Agenda; and to support consensus building within the Commonwealth and the wider international community, including the WTO and other institutions, with a view to securing support for small states in their efforts to build resilience and sustainable development."* Its work is continuing through discussions on resilience building; development financing and trade; ocean governance; climate change and energy; and outreach to the G20.

The United Nations designated 2014 as the *International Year of Small Island Developing States* to celebrate the economic, social and cultural contributions this group of states has made to the world, and to raise awareness of the challenges they face. The Commonwealth has championed small states' concerns including and through active support of its member countries in their preparations for the 2014 Third International Conference on Small Island Developing States in Samoa.



“For over four decades, the Commonwealth has championed the cause of the equality and rights of small states by raising international awareness of their vulnerability and their sustainable development needs. In much of our work, we emphasise the need for policies that are responsive to strengthening the resilience of small states. We seek to ensure that international attention is paid to the particular development challenges arising from the special constraints and susceptibilities to which small states are subject.”

*Kamalesh Sharma, Commonwealth Secretary-General,
Third Global Biennial Conference on Small States,
Saint Lucia (2014)*

Building resilience

The challenge

Small states face a unique set of development challenges posed by their small size, limited range of products and exports, scarce financial resources and susceptibility to the impacts of climate change.

Small states have a heightened exposure to external shocks because they depend heavily on exports due to their small domestic markets, and on imports, as a result of their limited resources. Of concern is their almost total dependence on strategic imports – notably food and fuel.

The vulnerability of small states, however, does not stop there. Small states are less able than large states to cope with environmental degradation, natural disasters and the impacts of global climate change.

The Commonwealth Response

Our work draws international attention to the inherent vulnerabilities of small states. Advocacy promotes policies and programmes to enable these countries to strengthen their resilience – to build their capacity to withstand or bounce back from difficulties caused by external shocks. Strengthening resilience means putting in place sound policies that encourage economic stability, market efficiency, good governance, appropriate social development and good environmental management for example.

We began work to document and highlight the vulnerabilities of small states over four decades ago. Recognising the need to address the impact of persistent shocks on the sustainable development of small states, we collaborated with the University of Malta in 2004 on a strategic approach to building resilience. The framework developed determines the effects of external shocks on small states and the policies they have in place to counteract shocks.

This framework helped national and international stakeholders agree on policy priorities and the most important areas for practical assistance. We worked with three small states to apply the resilience framework, through a national assessment of vulnerabilities and resilience and building their capacity for self-assessment. A technical working group that we established is now revisiting and seeking to further improve the resilience framework in the light of recent work on governance, environment and social cohesion.



“Vulnerability really means exposure to shocks. Generally, small states are very open in terms of trade – they have to export a lot because their market is very small and they have to import a lot because they don’t have natural resources. So they are very open. In addition, they rely on a narrow range of exports, and therefore that makes them very exposed to external shocks. By resilience, we mean their ability to withstand such shocks, or to bounce back from such shocks.”

*Prof Lino Briguglio, Director of Islands and Small States Institute,
University of Malta, Third Global Biennial Conference on Small States,
Saint Lucia (2014)*

Harmonising ocean governance

The challenge

Small states of the Commonwealth have jurisdiction over globally significant ocean areas, which provide valuable economic, social and cultural resources to support the economic and social well-being of those communities which depend on the ocean as a way of life. However, current ways of managing ocean resources are often inadequate.

The oceans are under increasing pressure from many uses. Their diversity, productivity and ability to provide a wide array of valuable services to people is being compromised; and the capacity of many members of the Commonwealth to effectively manage, develop and sustainably use ocean resources needs strengthening.

The Commonwealth Response

We provide a unique advisory service with coordinated legal, policy and technical advice on boundaries, ocean governance and natural resources. This includes comprehensive reform and modernisation of national policies and laws (including fiscal) for extractive industries, and leading work on offshore joint management and deep seabed mining development throughout the Commonwealth.

We recognise that a transformational response is required that will move from the current sector-specific management approach, to a more integrated approach that considers competing interests for ocean and coastal resources and space, such as environment, tourism, fisheries and energy generation, within a robust framework and a spatial planning perspective, and the development of national ocean governance frameworks based on the concepts of integrated and ecosystem based management.

We supported Vanuatu in the development of its National Ocean Framework, which promotes sustainable economic growth from marine resources and from implementing a blue carbon initiative – the first in the region. We also supported the adoption of the Eastern Caribbean Regional Oceans policy, which has brought about significant change in political perceptions about managing ocean areas. The regional policy is only the second of its kind to have been adopted anywhere in the world. Caribbean members of the Commonwealth use the regional policy as the basis for their national maritime policies.



“An integrated approach by member states to ocean governance will bring tremendous benefits for the people of the region. The delimitation of maritime boundaries will establish which marine areas fall under the jurisdiction of the state and will then allow them to legally secure the resources therein and to be able to explore, exploit, conserve and manage those resources as is intended within the framework of oceans governance. This is expected to redound to the benefit of our population and to our economies as a whole.”

*David Robin, Director of Maritime Administration,
St. Vincent and the Grenadines and member of Organisation of Eastern
Caribbean States Oceans Governance team, Commonwealth-supported
Regional Conference on Ocean Governance and Maritime Boundaries,
Castries, Saint Lucia (2014)*

Responding to climate change

The challenge

Climate change is perhaps the greatest challenge of our age. Since 1990 there has been a marked increase in annual global carbon emissions, causing extreme changes in weather, increases in global temperature, loss of ecosystems and biodiversity, and potentially hazardous effects on human health.

Many members of the Commonwealth are amongst the countries most vulnerable to the negative impacts of climate change. Small states, in particular, are highly exposed to the most disastrous consequences of climate change, including rises in sea level, flooding and tropical storms.

The major elements of the response to climate change are known: prudent investment in climate change adaptation to protect people and existing economic activity, coupled with a global conversion to a low-carbon economy, sustainable land use and better forest management. Solutions are possible – but they require policy, planning and finance. Small states are particularly challenged in this area by their lack of capacity; and they need access to climate finance to help address the impacts of climate change on their vulnerable economies and societies.

The Commonwealth Response

Since 1983, Commonwealth Heads of Government have highlighted the climate change concerns of small and vulnerable member countries: the need for dedicated, adequate and appropriate climate financing to meet their challenges, and the need for a transformation to low emission, climate resilient, sustainable economies.

We have supported the development of a Climate Resilient Islands Partnership with regional organisations of small states in the Caribbean, Pacific and Indian Ocean regions, convening meetings that have helped develop a dynamic programme of region-to-region exchange of ideas and expertise; and outreach, for example at the UN Conference on Sustainable Development held in Rio in 2012, and at the Third International Conference on Small Island Developing States held in Apia in 2014. Commonwealth Advisers placed in centres in the Pacific and Caribbean have also built capabilities in the use of economic assessments and cost-benefit analysis of climate change adaptation actions.

At the request of Heads of Government, we are developing proposals for a Commonwealth Climate Finance Skills Hub, to be hosted by the Government of Mauritius. The hub proposal is currently in its design phase, assessing options through a broad-based consultation on feasibility. A full proposal will be considered in November 2015 at a Commonwealth Heads of Government Meeting in Malta. The intention is to have an institutionally-light networked approach, and the potential is being considered for the delivery of elements of the Hub through the Climate Resilient Islands Partnership.



“We’re not talking about the growth in GDP, we’re not talking about what it means in terms of the profits and losses of the large corporations. We are talking about our survival.”

Anote Tong, President of Kiribati, Radio Australia (2014)

Empowering young people

The challenge

Young people face many issues in today's world, including inequity, unemployment, marginalisation, HIV/AIDS, poverty, violence and crime. The repercussions of the global economic crisis and a growing youth bulge in many countries present challenges not only to young people's personal development, but also to their capacity to contribute to national development.

The Commonwealth sees young people as assets to their societies, who should be developed and empowered. With 53 member states, the Commonwealth has a total population of more than 2 billion, of which over 60 per cent are under 30 years of age. Young people have a proven capability to lead change, so they should be supported to deal with the multiple and complex issues they face, in order that they can play a key role in the betterment of their communities and societies.

The Commonwealth Response

With 40 years' experience in youth development, the Commonwealth, through its youth programme, provides technical assistance for national and regional youth policies, shares youth development frameworks, guidelines and tools, and advocates for increased investments in youth ministries and programmes.

We place a special emphasis on supporting young people to design and drive youth-led initiatives, by providing technical assistance and support for national, regional and pan-Commonwealth youth networks such as the Commonwealth Youth Council and the Commonwealth Students Association. We support the effective participation of young women and men in development processes, and promote their full engagement at all levels of decision-making, including with Heads of Government.

We support member countries with the development of national youth indicators in line with the Youth Development Index, launched in 2013. By setting competency standards, facilitating youth work training, and advocating for national and international youth worker associations, we promote the professionalisation of youth work. We also advocate for sport to be used as a vehicle for peace and development and assist member countries in developing policies and frameworks that link sport to development and peace outcomes at community and national level.

As the world considers new global development goals and targets for the post-2015 development agenda, we are advocating for a specific goal to promote youth empowerment and participation. Such a goal will ensure that young people are developed and positioned to contribute to all aspects of national development. In addition, we are calling for youth-specific targets and indicators on all relevant goals, such as employment, health, education, good governance, security and partnerships, to ensure young people's needs and potential are identified and addressed.



“We [Commonwealth Heads of Government] recognise the vital role that young people can and must play at the centre of sustainable and inclusive development. Investing in young people today is the foundation for a prosperous and equitable tomorrow. We commit unequivocally to investing in young people and placing them at the centre of sustainable and inclusive development, thus harnessing their creativity, leadership and social capital towards the progress and resilience of Commonwealth countries, and a more democratic and prosperous Commonwealth.”

*Magampura Commitment to Young People,
Commonwealth Heads of Government Meeting,
Sri Lanka (2013)*

Innovating on debt

The challenge

High debt burdens in small states have immensely reduced the capacity of these countries to proactively respond to external shocks and to grow, thus impinging on their economic development. Small states were battling high debt levels well before the global economic crisis, which then further exacerbated their indebtedness. As a result, there has been a significant deterioration in the ability of many of these small and vulnerable economies to reduce current debt levels and to manage their future debt sustainably.

Despite several debt restructuring episodes, most small states continue to have high and unsustainable debt burdens. This persistent indebtedness implies that domestic corrective measures as well as existing international financing mechanisms have not been sufficient to contain small states' debt issues. Compounding the problem is the reality that there is little appetite for debt relief, especially for small middle-income countries, as major donors are themselves grappling with high unemployment and slower economic growth. While these limiting factors must be taken into account, it is clear that resolving the persistent debt overhang in these small and extremely vulnerable countries will require some form of relief.

The Commonwealth Response

We work to bring international attention to the debt sustainability and solvency challenges of small states. Amongst the innovative and non-traditional measures to address high debt burdens we are proposing the use of 'debt for nature' swaps. These swaps require donors to each write off a portion of a small state's multilateral debt holdings with funds committed for climate change adaptation and mitigation, in exchange for these countries investment in combatting climate change.

The Seychelles has raised a substantial amount for climate adaptation using a commercial variety of a 'debt for climate change adaptation and mitigation' swap. Swaps tackling both multilateral and commercial debt can form a key part of small states' strategic approach to addressing their debt burdens, but are unlikely to provide a comprehensive solution.

Counter-cyclical loans are another option we are proposing. These permit debt servicing to fall, or become zero, at times when countries suffer from external shocks.



"...Since 2009 small states have echoed some concern pertaining to their debt and financing challenges, which continue to grow increasingly difficult with the slow recovery of the global economic environment... This year, with the support of the Commonwealth Secretariat, we took crucial action towards the achievement of debt reduction in small states and for the establishment of a beneficial and stable financing model for our small and extremely vulnerable countries."

*Dr Denzil Douglas, St Kitts and Nevis Prime Minister,
Commonwealth High-Level Mission on Debt and Financing Challenges
of Small States, Washington, USA (2013)*

Nurturing partnerships

The challenge

The size and vulnerability of small states means they need to work with the international community to strengthen their ability to pursue economic and social development. National efforts alone would leave these countries unable to cope with the pressing challenges they face in areas such as climate change, sustainable manufacturing and renewable energy.

The key to development for small states is partnerships. First, national partnerships: a core value of democratic governance is inclusiveness, in terms of equal participation, equal treatment and equal rights before the law. This implies that all people – including the poor, women, ethnic and religious minorities and others – have the right to participate meaningfully in governance processes and influence decisions that affect them. National governments can move forward by forging partnerships with national non-state groups and involving them in governance.

Moreover, small states can build trust by creating an environment where private investors, civil society organisations, philanthropists and above all the governments of developed countries can confidently operate.

Regional partnerships enable small states to carry more weight and present a unified approach to development partners and international organisations. Partnering with an international organisation or with a research institute or university in a developed country, or with a similar small state on the other side of the world, gives a small developing country more fire power when seeking grants or approaching a donor agency.

The Commonwealth Response

We are helping small states forge partnerships and have a strong track record in progressing new partnerships. We provide advocacy, policy advice and technical assistance to promote the interests of small states, working with a wide-range of international institutions and inter-governmental organisations.

We have also worked with regional organisations such as the Pacific Forum and the Caribbean Community (CARICOM) Secretariat as well as the Alliance of Small Island States (AOSIS) and the Small States Network for Economic Development (SSNED) on issues affecting small states.

Our support led to the development of a partnership between regional organisations in the Caribbean, Indian Ocean and Pacific to address climate financing and sustainable development concerns.

Leveraging technology, we set up Commonwealth Connects, a cloud-based web platform which has been used actively to facilitate dialogue between partners working across the world. Commonwealth Connects provides a secure environment where governments, civil society and private stakeholders can forge and nurture pan-Commonwealth strategic partnerships and links.



“A significant achievement for the Pacific region is the series of bilateral treaties amongst several Forum Island Countries to be signed at the Pacific Islands Forum. These treaties were developed following legal and technical advice by the Commonwealth Secretariat and illustrate the practical impact achieved by the Commonwealth in partnership with Forum Island Countries. For decades, the absence of agreed maritime boundaries has hindered national and regional efforts to manage the ocean space that is so critical to the sustainable development of the Pacific. These treaties will, upon their entry into force, provide legal certainty and help to position each of these countries to conserve and better manage the resources of the ocean, including important fisheries and seabed resources for the benefit of present and future generations.”

Max Everest-Phillips, Director of Governance and Institutional Development at the Commonwealth, 43rd Pacific Islands Forum, Cook Islands (2012)



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