



# Small States and the Commonwealth

Supporting Sustainable Development



The Commonwealth

## Commonwealth Small States

Africa	Caribbean and the Americas	Europe	Pacific and Asia
<ul style="list-style-type: none"> <li>• Botswana</li> <li>• Lesotho</li> <li>• Mauritius</li> <li>• Namibia</li> <li>• Seychelles</li> <li>• Swaziland</li> </ul>	<ul style="list-style-type: none"> <li>• Antigua and Barbuda</li> <li>• Bahamas, The</li> <li>• Barbados</li> <li>• Belize</li> <li>• Dominica</li> <li>• Grenada</li> <li>• Guyana</li> <li>• Jamaica</li> <li>• St Kitts and Nevis</li> <li>• St Lucia</li> <li>• St Vincent and the Grenadines</li> <li>• Trinidad and Tobago</li> </ul>	<ul style="list-style-type: none"> <li>• Cyprus</li> <li>• Malta</li> </ul>	<ul style="list-style-type: none"> <li>• Brunei Darussalam</li> <li>• Fiji</li> <li>• Kiribati</li> <li>• Nauru</li> <li>• Papua New Guinea</li> <li>• Samoa</li> <li>• Solomon Islands</li> <li>• Tonga</li> <li>• Tuvalu</li> <li>• Vanuatu</li> </ul>

*Small States and the Commonwealth:  
Supporting Sustainable Development*

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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. Thirty of the Commonwealth's 52 member countries are small states – mostly with populations of around 1.5 million or less. They all share similar characteristics including:

- vulnerability to natural disasters and external economic shocks
- limited market diversification
- limited human and institutional capacity
- limited access to external capital.

Small states tend to be disproportionately impacted by global economic crises. They often have slow economic recovery, struggle to meet development goals and many have high debt burdens, which pose a severe threat to their economic growth. Their almost total dependence on strategic imports – notably food and fuel – is also particularly concerning. Furthermore, small states are also prone to weather-related disasters, which are anticipated to increase in frequency and intensity with climate change. In some contexts, a single extreme weather event in a small state can cause damage which exceeds its GDP in a given year, reversing development by generations. In most of these countries, the key sectors of the economy such as fisheries, tourism and agriculture are also climate sensitive. Their vulnerability is further exacerbated by limited institutional capacity to respond to the challenges of climate change, including accessing international climate finance and channelling it effectively.

The Commonwealth Secretariat offers a range of programmes to support small states in tackling their challenges and in achieving their development goals. We are a leading organisation for international advocacy on the broad range of challenges and issues faced by small states. The Commonwealth provides advocacy, policy advice and technical assistance to promote the interest of small states, working with both national governments and a wide-range of international institutions and inter-governmental organisations, including the UN and the World Bank, to benefit the development of small states. We have also worked with regional organisations such as the Pacific Forum and the 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.

With the adoption of the 2030 Agenda for Sustainable Development at the seventieth session of the UN General Assembly in September 2015 and the Paris Agreement at the UNFCCC's COP21 in November 2015, all countries have committed to a series of global development goals. Small states continue to need support at both the national and international levels both to achieve their sustainable development goals and to measure and document their progress. The Commonwealth will continue to work with national governments to support development policies and programmes and with the international community to advocate for further support for the needs of small states.

"We will continue to rely on the Commonwealth for its advocacy on the situation of small states."

Ambassador Sheila Sealy Monteith, Ministry of Foreign Affairs and Foreign Trade, Jamaica at Commonwealth Conference on Financing for Development in Small States, Barbados (2015)

# 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's response

Our advocacy work seeks to sensitize international development partners in general, and international financial institutions (IFIs) in particular, to the inherent vulnerabilities of small states. Furthermore, it promotes policies and programmes which 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 national policies that encourage economic stability, market efficiency, good governance, appropriate social development and good environmental management for example. It also means having access to concessional finance to support development goals.

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.

The Commonwealth revised its framework and used it to undertake resilience profiling across its small member states. Four countries in the Caribbean were profiled in 2015 with a further five Pacific small states and one African small state profiled in 2016. The profiles will be used to identify how countries can build their resilience to external shocks.

The Commonwealth's "Building the Resilience of Small States: A Strategic Vision for the Caribbean 2050" project further expands on our resilience work in the Caribbean. The project provides key recommendations on how Caribbean member states can build their resilience and improve their development prospects over a long enough period to effect meaningful change and achieve desired results. The work, which has received considerable positive feedback in the Caribbean, explores issues of citizen security, sustainable energy, accessing development finance, promoting private sector development and innovation and developing and empowering young people. A similar visioning project entitled "A Sustainable Future for Small States: Pacific 2050" has also been undertaken for Pacific small states.



Senator Jepter Ince  
of Barbados

"The Government of Barbados supports such initiatives as the resilience profiling of small states by the Commonwealth Secretariat as well as the Small States Centre of Excellence."

Senator Jepter Ince, Barbados at Commonwealth Conference on Financing for Development in Small States, Barbados (2015)

# Strengthening Ocean Governance

## The challenge

Small states of the Commonwealth have jurisdiction over globally significant ocean areas, which provide valuable economic opportunities and natural resources to support well-being of those communities which depend on the ocean as a way of life.

However, as nations increasingly turn to their oceans for economic development, the oceans are coming under more pressure. As a result, marine diversity, productivity and a wide array of ecological services are being imperilled. Many members of the Commonwealth recognise that their capacity to effectively manage, develop and sustainably use ocean resources needs strengthening, and have approached the Commonwealth Secretariat's Oceans and Natural Resources Division (ONR) for assistance.

## The Commonwealth's response

ONR provides coordinated legal, policy and technical advice on maritime boundaries, ocean governance, and marine natural resources. Our work includes comprehensive reform and modernisation of national policies and laws for existing extractive industries, as well as preparing for the possibility of new ones, such as deep-seabed mining. Throughout the Commonwealth, we work closely with member countries in the development of sustainable 'Blue Economies'.

The emergence of the Blue Economy concept creates significant opportunities, particularly for Commonwealth Small States. However, transitioning from the current sector-specific management approach, to a more integrated one requires considerable preparation and planning. Competing interests for ocean and coastal resources and space, such as environment, tourism, fisheries and energy generation, need to be balanced within a robust governance framework, based on the concepts of integrated and ecosystem based management.

The Commonwealth Secretariat works with small states across many regions. 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. The Commonwealth also supported the adoption of the Eastern Caribbean Regional Ocean policy, which has brought about significant change in political perceptions about managing ocean areas. Caribbean members of the Commonwealth now use the regional policy as the basis for their national maritime policies, and it has spurred a new regional implementation project by the World Bank.

In the development of national ocean policies, we have supported St Vincent and the Grenadines, and The Bahamas, Vanuatu, and are currently engaged with Mauritius, British Virgin Islands, Anguilla, and Papua New Guinea. For the Seychelles we have an in-country adviser to assist in the implementation a national Blue Economy roadmap.



"Many Commonwealth member states have jurisdiction over ocean areas that far exceed the land area of the countries themselves. These ocean areas support a broad range of activities and services which have particular economic or social value and can play a leading role in building resilience and sustainable development. ... The Commonwealth [is able] to make important contributions towards ocean governance in our member states by granting technical assistance with regard to the delimitation of maritime boundaries, and providing expert guidance on legislation and other legal measures to protect their territorial waters and marine resources."

Rt Hon Patricia Scotland QC, Commonwealth Secretary-General,  
for World Oceans Day (2016)

# Responding to Climate Change

## The challenge

Climate change is perhaps the greatest challenge of our generation. Many Commonwealth member states are amongst the countries most vulnerable to the negative impacts of climate change. Small states and Least Developed Countries (LDCs) in particular are highly exposed, and yet they lack the institutional and financial capacity to adequately respond to the adaptation and mitigation demands placed upon them.

The Paris Agreement, agreed at COP21 in November 2015, sets an unambiguous goal to hold global temperature increase to “well below 2oC” and for parties to pursue efforts to limit this to 1.5oC above preindustrial levels. The text lays the foundation for further action by state and non-state actors to implement ambitious reforms to the global economy, which must rapidly transition away from carbon intensive activities and habits if the world is to stay within the temperature goal. As such, the Paris Agreement is just the starting point for the international community and will only succeed if the parties to the agreement continue to work together, increase ambition, and apply innovative solutions to the challenges faced.

## The Commonwealth's 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 transformation to low emission, climate resilient and sustainable economies. According to the Commonwealth Expert Group on Climate Finance (2013), Commonwealth small states and LDCs experience difficulties in navigating the many climate funds that exist, preparing proposals, complying with eligibility criteria, and preparing effective long term responses to climate change. For this reason, the Expert Group proposed the establishment of the Climate Finance Access Hub, which was endorsed by Commonwealth Heads of Government in November 2015.

The overall objective of the Climate Finance Access Hub is to address critical capacity constraints hampering small and vulnerable states from accessing climate finance at both the national and regional levels. This innovative approach provides long-term, programmatic support over two years, building on-the-ground capacity, as compared to other climate readiness initiatives offering financial and short-term advisory support. With its regional collaboration and its partner network, the Climate Finance Access Hub works closely with existing climate finance activities and initiatives, ensuring collaboration and coordination of efforts. The Commonwealth Secretariat is currently working on operationalising this initiative, with a central Hub based in Mauritius and National Advisers placed in climate vulnerable member states. The Secretariat is also undertaking work on regenerative development and will offer countries tailored climate action toolkits linked to the Climate Finance Access Hub, which can help them reverse the human impacts of climate change and land degradation while simultaneously delivering their nationally determined contributions (NDCs) to the Paris Agreement.



Road damaged from unexpected heavy rainfall in St Lucia, December 2013

“As political leaders, we need to unite as citizens of one planet with a shared vision to fight against global warming and to save our planet from further heating. We must be decisive without further delay in order to enable the UNFCCC to achieve its ultimate goal of limiting the temperature rise to a level that will be safer for the global community.”

The Honourable Pohamba Shifeta, Minister of Environment and Tourism of the Republic of Namibia, National Statement, Leaders Event at COP22 (16th November 2016)

# 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's 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 launched a Global Youth Development Index in 2016, and support member countries with the development of national youth indicators and evidence-based policy. By facilitating youth work training and standards, 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 agreed on the new development framework - the 2030 Agenda for Sustainable Development Goals, the Commonwealth in partnership with UNDESA, UNHABITAT and UNDP, has been building the capacity of senior government officials, national/regional youth leaders and civil society organisations in small states to develop evidence based youth policies. In our work we have developed a National Youth Development Index Toolkit to assist countries design and measure progress on youth development over time. The Commonwealth work to assess the state of the youth policy framework at the national level in keeping with the globally agreed goals and targets provides the technical support on how to develop relevant indicators in health, employment, education, civic and political participation.



2015 Commonwealth  
Youth Awards Winners

"Young people are assets to national development: citizens, leaders, innovators, entrepreneurs, custodians and partners; not only of tomorrow, but of today."

Deodat Maharaj, Commonwealth Deputy Secretary-General,  
Economic and Social Development at Caribbean Region  
Commonwealth Youth Ministers Meeting (2015)

# 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's response

The Commonwealth provides policy advice, capacity-building and advocacy support to member countries, helping them to sustainably manage their public finances. Our Debt Recording and Management System allows managers to access and evaluate information on long-term, short-term, public and privately-secured external and domestic debt. Other software solutions we provide include the Securities Auction System, which supports the auctioning of government securities, and Horizon, a public debt analytical tool.

We are also working with the World Bank, UN Secretary General's Office and UN ECLAC 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 swaps for climate action'. These swaps require donors to each write off a portion of a small state's multilateral debt holdings with funds committed for climate change adaption 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.

We have also examined the value of 'hurricane clauses' and other countercyclical financial instruments. These sovereign loan and debt instruments include provisions for a suspension of debt service payments following a climatic or economic shock. This research was presented at the Paris Club last year in response to interest from member states.





"I encourage all stakeholders to build on the outcomes of the high-level meeting organized by the Secretariat of the Commonwealth and my Climate Change Support Team here in Lima on identifying possible policy solutions to address the debt and climate challenges faced by small and vulnerable states."

Ban Ki-moon, UN Secretary-General  
at World Bank Small States Forum in Lima, Peru, (2015)

# Understanding the Impact of 'De-risking' in Small States

## The challenge

Strengthening capital flows to developing countries and ensuring the broader integration of these countries into the international financial system is essential for increasing long term financing for development. It is in this context that the recent increase in 'de-risking' is of concern.

'De-risking' refers to financial institutions terminating or restricting business relationships with clients to avoid rather than manage risks. The drivers of 'de-risking' are complex.

De-risking is a concern for a range of developing countries. The increased withdrawal and restriction of correspondent banking relationships poses particular challenges for many small states who are already reliant on a limited number of banking relationships to access the global financial system.

Whilst there has been broad recognition of the challenges posed by 'de-risking' and global bodies including the G20 have begun to respond, there is no 'silver bullet' solution and there is an ongoing and urgent need to identify and implement practical and effective solutions.

## The Commonwealth's response

Since the issue of 'de-risking' was first raised at the Commonwealth Central Bank Governors meeting in October 2014 the Commonwealth has worked to both better understand the problem of 'de-risking' and to raise the profile of the issue and push for a global response.

The Commonwealth has made this call for a coordinated global response using its platform of engagement with the G20 as well as through engagement with other key international bodies such as the IMF and the World Bank. The Commonwealth's research and analytical work, drawing on the outcomes from a 2-day expert forum on de-risking in 2015 and a survey of members culminated in the publication of the Commonwealth report entitled *Disconnecting from Global Finance – De-risking: The Impact of AML/CFT Regulations in Commonwealth Developing Countries*. The report has been cited widely, including by the Financial Stability Board which is coordinating the global response mandated by the G20.

The Commonwealth's work is continuing and is currently focussed on identifying practical solutions, with a particular focus on drawing together new and innovative solutions being considered or trialled in different parts of the Commonwealth.

For further information on this Commonwealth work program please contact Lucas Rutherford, Economic Adviser – International Regulation and Taxation Policy, [l.rutherford@commonwealth.int](mailto:l.rutherford@commonwealth.int).



Woman at bank  
in Tonga



"A strong and open international financial system is key to restore momentum in the global economy. Enhancing financial inclusion in many parts of the world can pay big dividends for countries themselves but also for global banks. It is critical that financial stability does not come at the expense of access.

"But all actors have a part to play: countries need to upgrade their regulatory frameworks; regulators in key financial centers need to clarify regulatory expectations and ensure consistent application over time; and global banks need to avoid knee-jerk reactions and find sensible ways to reduce their costs.

"There is a lot stake. For both the big and the small. For all of us."

Christine LaGarde, Managing Director of the IMF,  
Address at New York Federal Reserve, (July 2016)

# Small States and International Financial Centres

## The challenge

In response to the inherent challenges facing small states in diversifying their economies, many small states in the Commonwealth – in the Caribbean, the Pacific, Europe and Africa – have sought to develop international financial centres (IFCs). For many such states, the development of a financial services sector has become an important contributor to the national economy, providing employment, skills transfers and government revenue.

Yet the operation of IFCs is taking place in an increasingly complex and dynamic international tax and regulatory environment, with the pace of reform given greater impetus in the wake of events such as the release of the 'Panama Papers' in 2016. The ongoing need to implement and enforce various regulatory standards, including anti-money laundering and countering the financing of terrorism (AML/CFT) regulations, is occurring alongside the need to implement new tax transparency initiatives and engage in G20/OECD work on cross-border tax avoidance. This year (2017) will also see the finalisation of two processes for the listing of 'uncooperative' jurisdictions international matters – one undertaken by the OECD/G20 and the other by the European Union.

Keeping on top of this agenda presents challenges for all jurisdictions though for small states with limited resources, seeking to engage with, understand and proactively respond to this agenda presents significant challenges. In addition, all this is taking place at a time when many small states continue to grapple with the very real and immediate problem of 'de-risking', underscoring the need for jurisdictions to promote their well-regulated credentials.

## The Commonwealth's response

The Commonwealth has had an historical engagement on issues impacting small states that host IFCs, recognising the importance of ensuring that the voice of small states is heard in global processes and that global initiatives result in a level playing field, both in substance as well as name. Reflecting this, since 2016 the Commonwealth has sought to redevelop a work program aimed at assisting its small state members understand, engage with and respond to the international agenda.

Following the hosting of an international tax roundtable of small state officials in June 2016, the Commonwealth has undertaken a research program aimed to assisting members better understand the international agenda. Advocacy has included engagement at the pre-eminent global tax forum, being the Global Forum on Transparency and Exchange of Information for Tax Purposes and the Commonwealth has established a digital platform as well as regular group teleconferences for members to come together to discuss developments.

For further information on this Commonwealth work program please contact Lucas Rutherford, Economic Adviser – International Regulation and Taxation Policy, [l.rutherford@commonwealth.int](mailto:l.rutherford@commonwealth.int)



Participants at the  
Commonwealth International  
Tax Roundtable

"The rapid pace of change [in the international tax and regulatory agendas] presents challenges for all jurisdictions, but it presents a unique set of issues for small states that host IFCs. As well as ensuring that jurisdictions are aware of the implications of these developments, it is also important they are given a voice - to ensure that any international action results in a level playing field, where all jurisdictions, big or small, are held to the same standard."

Lucas Rutherford, Economic Adviser, Economic Policy Division,  
Commonwealth Secretariat at the Commonwealth  
International Tax Roundtable (June, 2016)

# Encouraging Diaspora Investment

## The challenge

Achieving the Sustainable Development Goals (SDG) will require the mobilisation of new and innovative forms of financing. Studies have highlighted the considerable SDG financing gap, particularly in sectors such as infrastructure, where an estimated additional US\$1 trillion per annum is required.

Financial flows from the diaspora have emerged as a significant source of funding for Commonwealth countries. Remittance transfers, for instance, dwarf other external financial flows for the majority of developing Commonwealth member states, far outstripping aid, foreign direct investment and portfolio flows.


Evidence shows that migrants and diasporas are willing to do more to support their country of origin and interest in investing back home far outstrips current practice. Initial estimates suggest that an additional US\$180 billion per annum could be channelled to Commonwealth countries through the scaling-up of diaspora savings and investments. If allocated, to productive investments, Commonwealth member states would benefit from a significant injection of financial resources to progress their national strategies.

## The Commonwealth's response

Building on the success of our de-risking work, the Commonwealth is establishing a Diaspora Finance programme. The goal of this initiative is to facilitate additional diaspora capital for high-return investments in member states. The programme is divided into two phases. Phase I is a 'research, analysis, and scoping' phase and includes the production of a Flagship Diaspora Investor Survey and other supporting research. The outcome of Phase I is to facilitate greater membership awareness of the opportunities to scale-up diaspora finance, including knowledge of financial products diasporas prefer and experience of what does and does not work in other countries.

Depending on financial support, the phase II will target activities that directly support low-income and middle-income countries, including small states, to access a greater volume of diaspora capital.

For further information on this Commonwealth work program please contact Heidi Tavakoli, Economic Adviser – International Development Policy, [h.tavakoli@commonwealth.int](mailto:h.tavakoli@commonwealth.int)



Banking officer with the  
National Bank of Vanuatu  
meets a client  
on the Efate Island

“Senior officials welcomed the discussion on diaspora finance and highlighted the critical role it can play in helping to achieve their development ambitions. ... [They] emphasised the need for greater international collective action to facilitate the flow of diaspora resources, including advocating to reduce the transfer costs of transnational flows to facilitate the flow of remittances and diaspora investments.”

Chair’s Summary, Commonwealth Senior  
Finance Officials Meeting (2016)

# Supporting Trade in Small States

## The Challenge

The characteristics of small states make them highly open to trade. Their small markets and limited economic production base means that the varied demands of the population – particularly for strategically important goods like food and fuel – often cannot be met through the domestic markets alone. As such, trade is a vital aspect of the economy in many small states.

On average, trade constituted the equivalent of 108% of GDP in Commonwealth Small States in 2013, compared with a global average of 59%.<sup>1</sup> Their openness to trade but small share of global trade flows (0.42% in 2014) results in Commonwealth Small States being highly exposed to wider trends in world trade.<sup>2</sup>

## The Commonwealth's Response

The Commonwealth Secretariat's Trade Competitiveness Section provides technical assistance to member countries to help improve their trade competitiveness in global markets. We focus primarily on export development, with interventions targeted at improving domestic capacity, market access, exports of services and trade facilitation.

Aid for Trade (AfT) has become an important vehicle for assisting small states to improve their trade capacity and benefit from the expansion of global markets. The Commonwealth has helped Botswana to develop a National Aid for Trade Strategy. This Strategy outlines Botswana's priority areas for technical and financial assistance across sectors. It also provides strategic guidance on how the country can take advantage of AfT resources in pursuit of efforts to diversify the economy, create employment and reduce poverty and drive the implementation of the National Development Plan. According to the Hon. Minister of Trade, Hon. Vincent Seretse 'the Strategy is intended to ensure a coherent and systematic approach to the implementation of key reforms aimed at facilitating trade'.

Our work in Lesotho is aimed at helping the country identify priority business sectors that offer the best competitive advantage to the nation and is critical to economic development and export diversification. The project seeks to complement the ongoing reform for the creation of an investment environment that will motivate the movement of foreign and domestic investments into the productive and services sectors and build the capacity of the lead government Agency on Export promotion.

Youth unemployment constitutes another serious and growing challenge in small states. Having identified entrepreneurship as a key strategy for combating youth unemployment in the Solomon Islands, the Commonwealth Secretariat is working on a pilot project to encourage national strategies to increase the participation of young people in formal trade activities within the domestic, regional and international markets. With the rapid expansion of digital trade and e-commerce, increasing the participation of young people in international trade is a critical success factor for any country looking to improve its socio-economic outcomes.

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1 The Commonwealth, 2016. Small States: Economic Review and Basic Statistics, Vol 19

2 Ibid





"International trade is an indispensable requirement for Botswana as a country with a small population. ... [It] is an engine for inclusive economic growth and poverty reduction and it contributes to the promotion of sustainable development"

Hon Vincent Seretse, Minister of Investment Trade and Industry, Botswana, at the launch of the new 'Aid for Trade' strategy in Botswana (October, 2016)

# Encouraging Effective Export Strategies

## The Challenge

Small states tend to have narrow export bases. Their small size implies that they are unable to take advantage of economies of scale, and as such they tend to specialise in a limited number of sectors, depending on the natural and human resources they have available. Commonly these sectors include agriculture, fisheries, tourism and off-shore financial services or resource extraction. This high level of economic concentration carries with it the risk that shocks to these sectors will affect the whole economy.

## The Commonwealth's Response

The Commonwealth Secretariat's work to build trade competitiveness and export diversification in small states has revolved around advancing the competitiveness of key sectors (agriculture, agri-processing, telecommunications, ICTs, and service industries) of these economies; whilst enhancing the business environment, improving institutional frameworks, and supporting the implementation of recommendations to increase the ease of doing business, particularly with regards to trade facilitation.

To address some of these issues, the Secretariat's Trade Division has supported member countries with the development of National Export Strategies (NES). These strategies are underpinned by mechanisms for effective dialogue with governments and non-state actors and they serve as a route –map to enhance the global competitiveness of the particular sectors.

For example, in Grenada the design of a NES in 2016, involved firstly reviewing the country's first implemented NES 2006-2011 and using the findings from that review process to enrich the design of the second NES. Grenada will shortly launch its new NES (2017-2021) and undertake implementation.

The Secretariat also undertook a NES design for Jamaica in 2015; this strategy is currently under implementation providing guidance on the development of a number of export sectors including, film and animation, ICTs, the mining sector, agri-processing which includes nutraceutical products etc., and trade logistics. The Jamaica strategy will shortly approach its mid-term review stage. Additional support has been provided to Jamaica to augment its export diversification efforts under the NES. To this end a New Product, New Market (NPNM) scheme methodology was employed to identify Jamaica's emerging competitive products and new (potential) markets. The NPNM report has undergone a number of consultations with industry and is in the process of being finalised.





Fruit and vegetables  
on a market stall in Guyana

"The Commonwealth Secretariat is committed to providing technical assistance to the [Grenadian] Ministry of Economic Development, Planning, Trade and Cooperatives. ... We hope that this [assistance] will support the government's vision of boosting its export sector and improving the global competitiveness of Grenada's markets."

Yinka Bandele, Adviser, Trade Division, Commonwealth Secretariat at the Export Development Stakeholder Consultation, Grenada (May, 2015)

# Promoting the Rule of Law

## The challenge

The rule of law is crucial to the achievement of sustainable development. Target 16.3 of Sustainable Development Goal 16 provides that states aim to 'Promote the rule of law at the national and international levels and ensure equal access to justice for all'. For small states, the promotion and implementation of the rule of law often comes with added challenges. The scarcity of financial and human resources generally affecting small states can have an impact on legislative drafting, independence of the judiciary, and combating cybercrime, for example.

## The Commonwealth's response

The Commonwealth Secretariat convenes the triennial Meeting of Commonwealth Law Ministers (CLMM) and the Meeting of Law Ministers and Attorneys General of Small Commonwealth Jurisdictions (LMSCJ). LMSCJ offers a forum to discuss issues of particular relevance to small jurisdictions, and represents a unique opportunity to share best practices and request assistance from the Commonwealth Secretariat.

The Secretariat places legislative drafting experts in country to facilitate the drafting of laws, including in respect of the implementation of treaties, thereby helping governments meet their international obligations. The Commonwealth Secretariat has also worked closely with member countries to build capacity in law reform and law revision, and to strengthen relevant institutions such as legislative drafting offices. Our upcoming legislative drafting handbook, and a law reform handbook will serve to support member countries. The Secretariat has produced a number of model laws on a wide range of issues, including money laundering, computer crime, and integrity in public life, all of which provide guidance to member states when drafting their own legislation. Work is presently underway on the development of a law and climate change toolkit that will support small states in passing laws that promote climate change mitigation, adaptation and access to climate finance.

The Secretariat has conducted extensive work in strengthening justice institutions across the Commonwealth. Independence of the judiciary is one of the cornerstones of a fair and efficient justice system and is linked to countries' development. Through workshops, training and consultations, the Secretariat has helped build the capacity of judges, prosecutors and other actors of the justice system.

While new technologies represent an asset, they can also pose a significant threat. Cybercrime is proliferating, and small states do not always have the human and technical capacities to combat it. The Secretariat, through the Commonwealth Cybercrime Initiative, has conducted numerous needs assessments, developed regional action plans, presented training workshops, and designed legislative assistance programmes to support member countries in Africa, Caribbean and the Pacific regions. It has also formed working groups on specific issues, such as the review of the Commonwealth 2002 Model Law on Computer and Computer related crimes, and virtual currencies, in order to offer member countries current legislative templates and policy recommendations.



Meeting of Law Ministers and Attorneys-General of  
Small Commonwealth Jurisdictions

"Globally, regionally and nationally, we see political, social and economic change occurring at a very rapid pace. By offering support to strengthen and stabilise legislative and judicial institutions, and by providing targeted and practical assistance to help all member states to reach the objectives they set themselves, the Commonwealth is a steady anchor in these turbulent times."

The Rt Hon Patricia Scotland QC, Secretary-General,  
at the Meeting of Law Ministers & Attorneys General  
of Small Commonwealth Jurisdictions (2016)

# Strengthening Democratic Institutions

## The challenge

Small states face unique challenges in strengthening and sustaining their democratic institutions. Many Commonwealth small states are relatively young democracies. Small states with fragile economies are particularly vulnerable to external shocks, and many Commonwealth small states recognise that their democratic institutions must be continually strengthened to withstand these unforeseen circumstances.

As Commonwealth small states look to achieve the Sustainable Development Goals and to improve the lives of their citizens, they are increasingly looking to strengthen the foundations of their democratic societies to build resilience and maintain both political and economic stability.

## The Commonwealth's response

The Commonwealth Charter recognises "the inalienable right of individuals to participate in democratic processes, in particular through free and fair elections in shaping the society in which they live."

The Commonwealth Secretariat helps member countries to strengthen democratic institutions and processes, and to enable citizen participation and representation at national and local levels during elections.

We do this by supporting electoral management bodies to exchange good practice in electoral administration through the Commonwealth Electoral Network and by responding to national requests for technical assistance, capacity building and training.

The Commonwealth Election Professionals (CEP) Initiative, for example, provides capacity-building and professional development opportunities to Commonwealth electoral officials. The Initiative includes a specific focus on micro and non-permanent election management bodies (EMBs) of small states in the Caribbean and Pacific regions. The training programme addresses many of the distinct challenges faced by Small State EMBS, ranging from human and financial constraints to the application of an electoral cycle approach to non-permanent institutions. In bringing officials facing similar challenges together, the CEP Initiative provides important opportunities for the exchange of knowledge and experience, peer support and regional relationship-building.

Election observation is a valuable tool for improving the quality of elections and is a visible sign of a country's commitment to strengthening democracy.

At the invitation of a country's government or election commission, the Commonwealth Secretary-General sends a team of independent observers to give an impartial assessment of the conduct of an election and, where necessary, offer recommendations where improvements can be made.

Over the past quarter of a century, the Commonwealth has observed more than 140 elections in 38 countries across the globe, including 55 Observer Groups or Missions in 20 small states.



Commonwealth election observers in Lesotho

"We are grateful to the Commonwealth Secretariat for helping to ensure the Nauru Electoral Commission was up and running in time for the general election. As a newly established independent electoral authority, with no experience and a general election around the corner, it was felt that the Commonwealth might be in a better position to assist the commission considering its wide experience and credibility in strengthening the democratic process in member countries"

Joseph Cain, Electoral Commissioner, Nauru

# Promotion and Protection of Human Rights

## The challenge

Due to their size, small states are challenged with participating in international human rights mechanisms and implementing international obligations. They have limited technical capacity to establish and maintain effective national human rights institutions (NHRIs). They also have challenges meeting treaty reporting obligations as well as implementing the recommendations accepted under the Universal Periodic Review (UPR) mechanism. Furthermore, small states without a permanent representative in Geneva face barriers in participating in the work of the Human Rights Council including its UPR. As such, small states need assistance both at the technical and logistical levels in order to fully exercise their right to engage with the international human rights processes constructively.

## The Commonwealth's response

The Commonwealth Small States Office (CSSO) in Geneva was established to provide subsidised office space and technical expertise in trade and human rights for small states without a presence in Geneva. The dedicated support of CSSO has proven to be impactful. For example, The Bahamas was previously anchored in the CSSO and has now gone on to establish its own mission in Geneva. Furthermore, The Bahamas has recently announced its candidacy for the Human Rights Council in 2019, and, if successful, will be the first Caribbean member to serve on the Council. Equally, Malawi has been travelling to Geneva for its UPR, making use of the CSSO work space to convene its meetings. On these occasions it has benefitted from our technical expertise and has seen the value of its presence at the multilateral fora in Geneva. Malawi is now also anchored in the CSSO as one of its new tenants.

The Commonwealth Secretariat provides substantive technical assistance to small states that are participating in meetings of the Human Rights Council mechanisms based in Geneva. Most recently we provided technical assistance to small states undergoing their UPR examinations in May, June and September 2016. Our support focused on the presentation of their national reports, participation and engagement at the Human Rights Council and implementation of accepted UPR recommendations for Samoa, St Vincent and the Grenadines, Papua New Guinea, Antigua and Barbuda, Swaziland, Tanzania, Trinidad and Tobago. This kind of assistance is provided from the CSSO where we do rotational duty during each session of the Human Rights Council as well as the UPR.

The Commonwealth Secretariat is also uniquely placed to support small states in implementing SDG Goal 5 – Achieve gender equality and empower all women and girls. In particular, we are working towards the elimination of Violence Against Women and Girls and harmful practices such as Child, Early and Forced Marriage (CEFM). In Samoa, we have provided technical assistance to the Ombudsman and the NHRI of Samoa, to conduct an inquiry into domestic violence in the country.





Women in Tongatapu, Tonga

"President, I would also like to take this opportunity to express our sincere gratitude and appreciation to all stakeholders involved in the preparation of our 2nd National UPR Report. In particular, I wish to thank the Regional Office of the High Commissioner for Human Rights for the Pacific in Fiji, the various United Nations agencies in our region, the Secretariat of the Pacific Community through the Regional Rights Resource Team (RRRT), and the Commonwealth Small States Office here in Geneva. We welcome this support and the assistance from our development partners in our efforts to ensure that our international obligations under the various human rights conventions are addressed through the establishment and strengthening of our national institutional and legal frameworks."

Honourable Tangariki Reete, Minister for Women, Youth and Social Affairs of Kiribati, at the Human Rights Council (2015)

# Nurturing Partnerships

## The challenge

Given their population size and subsequent human capacity constraints, small states often lack enough specialised expertise to effectively pursue their economic and social development goals. They struggle to meaningfully and effectively track, participate in and engage with the international community on many of the key issues that impact them.

An important key to development for small states is partnerships, both national and international. National governments can encourage development by forging partnerships with national non-state groups and by involving them in governance. 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. Moreover, regional partnerships enable small states to act collectively, carry more weight and present a unified approach to development partners and international organisations.

## The Commonwealth's 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. For example, we have worked with regional organisations such as the Pacific Islands Forum Secretariat and the Caribbean Community (CARICOM) Secretariat and the Indian Ocean Commission. Our support led to the development of a the Climate-Resilient Islands Partnership (CRIP) between regional organisations in the Caribbean, Indian Ocean and Pacific to address climate change planning and financing in small island developing states.

The Commonwealth is participating in expert groups with both UNDESA and the World Bank on resilience building and vulnerability measurements respectively. We also participate in the UN's Inter Agency Consultative Group on SIDS which brings together UN and non-UN organisations to discuss small state issues and share their respective work plans and it seeks to report on the full implementation of the Samoa Pathway.

In collaboration with the Government of Malta, the Commonwealth Secretariat is launching the Small States Centre of Excellence which aims to serve as a focal point for sharing best practices and facilitate targeted capacity-building programmes in areas that will benefit small states. The Centre will contribute to filling the gap in institutional support to help small states put existing and emerging knowledge and information into practical action.

The Commonwealth's Strategic Partnerships team seeks to instigate and foster partnerships between the Commonwealth Secretariat and external organisations. The team also facilitates engagement with the Commonwealth's network of accredited civil society organisations, ensuring regular communication with the Secretariat, creating political spaces for engagement with Commonwealth member governments and identifying potential areas of collaboration.





Women carrying logs of timber on pier in Vanuatu

“We value our strong collaborative relationship with the Commonwealth Secretariat and our shared views on the unique development challenges of small states, a high priority for us. It is encouraging to hear your views on the important ongoing joint work with the International Financial Corporation (IFC) on the Commonwealth Small States Trade Finance Facility.”

Marcelo M. Giugale, Sr Director, Macroeconomics and Fiscal Management Global Practice, World Bank (2015)

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