



Commonwealth Secretariat

Briefing Note – Small States

The challenge

Thirty-two of the Commonwealth's 53 member countries are small states – mostly with populations of around 1.5 million or less. Within this grouping of small states are included Botswana, Jamaica, Lesotho, Namibia and Papua New Guinea because these countries share many of the same characteristics of small states.

The issue of small states' vulnerability was first given formal expression within the Commonwealth at the 1977 Commonwealth Finance Ministers Meeting (CFMM) in Barbados. Having noted the special characteristics of small states, particularly their extreme dependence on exports and imports, high dependence on capital inflows, and in some cases their lack of natural resources, finance ministers urged the international community to adopt a more flexible approach to the requirements of these countries as well as special measures to assist them.

In response, the Commonwealth Secretariat prepared a programme designed to assist in overcoming "the disadvantages of small size, isolation and scarce resources which severely limit the capacity of such countries to achieve their development objectives or to pursue their national interests in a wider international context". This was endorsed by Commonwealth Heads of Government at their 1979 summit in Lusaka, Zambia, and reaffirmed at their 1981 meeting.

In 1983, with the political repercussions of the US invasion of Grenada still resonant, Commonwealth leaders, at their New Delhi meeting, felt that the problems of small states "deserved consideration on a wider basis, including that of national security". They accordingly requested the Secretary-General, drawing as necessary on the resources of member states, to undertake a study of the special needs of small states "consonant with the right to sovereignty and territorial integrity that they shared with all nations".

A Commonwealth Consultative Group was commissioned to examine the special needs of small states on a wider basis than that of economic development alone and include specifically issues relating to national security. The report – *Vulnerability: Small States in the Global Society* – was published in 1985. The report was the first to note that small states are "inherently vulnerable to external interference".

The report went on to outline the characteristics of smallness, the vagaries of vulnerability and the threats to small states. It also outlined measures that can be used to reduce vulnerability, such as underpinning economic growth and diplomacy and foreign policy management. This report was successful in raising the political profile of small states issues in international forums.

Following this publication, the Ministerial Group on Small States was formed to

discuss issues of importance to these states. At the second meeting of the Ministerial Group on Small States in 1995, ministers recognised that the international context faced by such states had changed dramatically since the ending of the Cold War. The Secretary-General constituted a Commonwealth advisory group of eminent persons led by Dame Eugenia Charles of Dominica. Their report – *A Future for Small States: Overcoming Vulnerability* – was published in 1997.

In 1998, the Commonwealth Secretariat/World Bank Joint Task Force on Small States was formed. The Task Force produced a seminal report in 2000 – *Small States: Meeting Challenges in the Global Economy*.

This work led to the establishment of the Annual Small States Forum in the wings of the IMF–World Bank meetings. In 2005–06, this task force report was reviewed, and it was established that small states were still vulnerable and facing a number of development challenges associated with their size.

The characteristics of small states, highlighted in the 2000 Task Force Report as having important implications for their development, remain pertinent. These include remoteness and insularity; susceptibility to natural disasters; limited institutional capacity; limited diversification; openness; lack of access to capital; and poverty. In addition, new challenges have emerged. These include the faster than anticipated erosion of trade preferences, HIV/AIDS, the rising debt burden and youth unemployment.

The Commonwealth strategy

The main aim of the Commonwealth Secretariat's work programme on behalf of small states is to provide policy development and advice, as well as advocacy and consensus-building on a number of issues that are important to these states meeting the challenges of and benefiting from the opportunities of globalisation.

The Commonwealth has been at the forefront of advocacy and policy advice on the issues affecting small states. Over the years, the Secretariat has been successful in bringing to international attention the vulnerability of small states, and the need for these countries to receive special treatment in a number of areas. One channel of achieving this success has been through collaboration with development partners.

The work of the Secretariat on behalf of small states is highlighted under four main areas of challenge and opportunity for small states: (i) tackling volatility, vulnerability, and natural disasters; (ii) strengthening capacity; (iii) addressing issues of transition to the changing global trade regime; and (iv) managing new opportunities and challenges from globalisation.

The practical response

Resilience building

The Secretariat, in collaboration with the University of Malta, initiated a major project that has led to the development of a 'resilience index' and the formulation of the strategies that need to be undertaken by small states to enable them to succeed in overcoming vulnerability. This focused conceptual framework on vulnerability and resilience building could play an important role in addressing the vulnerability facing small states, as well as in strengthening national and regional policy approaches. The building of economic resilience has been recognised to emanate from good policy practices in a number of areas, including: macroeconomic stability; microeconomic

market efficiency; good governance; social development and cohesion; and sound environmental management. A pilot project has been launched in St Lucia, Seychelles and Vanuatu.

Middle Income Small States

The Secretariat extended its policy advice to include exploring constraints faced by small states that are in the lower middle income category. Work was undertaken with the UNDP country office in Swaziland on a study to explore the constraints that Swaziland faces in accessing concessional resources and the consequent impact on development efforts. The study makes the case for small states in this category to be given special treatment in accessing concessional resources when they are faced with constraints that are likely to endanger their sustainable development efforts.

Graduation from LDC status

The Secretariat provided support and highlighted the concerns of small states faced with the possibility of being graduated from the list of least developed countries (LDCs). Graduation from LDC status leads to loss of preferential treatment for trade, aid and financing which jeopardises the sustainable development of these countries, if appropriate transition arrangements are not provided. Graduation can also hinder the prospects of benefiting from globalisation and trade liberalisation since the two sectors most affected by graduation in small states are the trade sector, particularly exports, and the government sector, because of the adverse effects of graduation on official development assistance. These issues are becoming increasingly important to small vulnerable economies facing the prospects of graduation. Maldives had only been recently graduated, when it was hit by the 2004 tsunami disaster.

The Annual Small States Economic Review and Basic Statistics

The Secretariat continues to provide and update this online database on small states development indicators.

Ministerial meetings or other highlights

In 1983, a Commonwealth Consultative Group was commissioned to examine the special needs of small states. Following publication of its report in 1985, the Commonwealth Ministerial Group on Small States was formed to discuss issues of importance to small states. This group met in the wings of the Commonwealth Heads of Government Meetings.

The Ministerial Group on Small States and the Advisory Group on Small States no longer meet. There are occasional meetings of a Consultative Group on Small States comprising London High Commissioners, to discuss specific issues such as the 2006 Review of the 2000 Commonwealth Secretariat/World Bank Joint Task Force Report on Small States and follow-up studies to this review. Small states issues also feature as a regular agenda item for meetings of Commonwealth finance and foreign ministers.

The 2009 CFMM urged the Secretariat to convene a biennial conference of small states in collaboration with development partners. The first conference is scheduled for 2010.

Other Commonwealth players and their work

The Commonwealth Parliamentary Association has a small states grouping that examines issues of interest to small states and collaborates with the Secretariat.

Relations with other bodies involved in the sector

The Commonwealth Secretariat works closely with the World Bank, United Nations agencies UNDESA and UNRISD, the International Labour Organization, the Caribbean Community, the Pacific Islands Forum Secretariat, the University of the West Indies, the University of the South Pacific and the University of Malta on joint projects that address small states' vulnerability.