



**INTERNATIONAL CONFERENCE ON SMALL STATES
AND ECONOMIC RESILIENCE**

organised by the Commonwealth Secretariat and the University of Malta
at the Foundation for International Studies, Malta, 23-25 April 2007

FINAL STATEMENT

PREMABLE

- i. Fifty-four experts from Commonwealth countries and international/regional organisations participated in a Conference on Small States and Economic Resilience, held at the Foundation for International Studies, Malta, between 23 and 25 April 2007. The participants included policymakers, practitioners and academics representing Governments, Universities and International Organisations with an active interest in Small States issues.
- ii. The Conference was addressed by Hon. Michael Frendo, Minister of Foreign Affairs of Malta and Hon. Tonio Fenech, Parliamentary Secretary of the Ministry of Finance of Malta.
- iii. The Conference built on the outcomes of the workshops held in Malta in March 2004, March 2005 and April 2006 where the concepts of economic vulnerability and resilience were defined and a preliminary index of economic resilience was developed. The Conference sought to further develop the framework for the conceptualisation and measurement of economic resilience primarily by considering its practical relevance for policy formulation at the national, regional and international levels, including its applicability to donor relationships and to the functions of international organisations and to draw policy implications from analytical and comparative studies.
- iv. The Conference considered the outcomes of the Mauritius International Meeting to Review the Implementation of the Barbados Programme of Action for the Sustainable Development of Small Island Developing States (SIDS), held in January 2005. The Mauritius Meeting confirmed that SIDS as a group face particular challenges as a result of their economic, environmental and social vulnerabilities, reiterated the “acknowledged vulnerability of such States” and “that particular attention should be given to building resilience in small island developing States”.
- v. The Conference also took into consideration the Gozo Statement on Vulnerable Small States which emerged from the Commonwealth Heads of Government Meeting held in Malta in November 2005, which stated that *inter alia* “small states face well-recognised vulnerabilities, and that they are now confronted by new challenges.” The statement recognises the “significant efforts that small states have made within the limits of their resources and capabilities to build levels of resilience to withstand their economic vulnerabilities” while urging “the international community to take stronger and more effective action to help vulnerable small states”. These issues were also addressed in the 2006 World Bank Small States Forum.
- vi. The Conference also built upon the conclusions of the Commonwealth/World Bank Joint Task Force Report (2000) that “developing small states share a number of characteristics that pose special development challenges. They are especially vulnerable to external events, including natural disasters, that cause high volatility in national incomes; many of them are currently facing an uncertain and difficult economic transition to a changing world trade regime; and they suffer from limited capacity in the public and private sectors” and on the 2006 review of the report which emphasises in

addition a rapid rise in the debt burden, rising concerns with respect to youth unemployment, security and crime and the HIV/AIDS pandemic.

vii. Participants adopted the following Statement at the end of the Conference.

STATEMENT

We, participants attending the Conference on Small States and Economic Resilience, held at the Foundation for International Studies, Malta, between 23 and 25 April 2007:

Economic Vulnerability

1. Reaffirm that the concept of vulnerability and its significant implications for Small States are now internationally recognised. Vulnerability arises from an inherent exposure to adverse exogenous shocks beyond the country's control and limits the options of Small States in pursuing sustainable development goals.
2. Recognise that various factors influence the economic vulnerability of Small States including:
 - their dependence on international trade which, while bringing benefits to economic activity, also results in heavy exposure to events in global markets and to developments in the global trade regime, including preference erosion, over which they have little influence;
 - their high dependence on a narrow range of exports and strategic imports and their limited options for diversification;
 - their vulnerability to global climate change and to natural disasters.
3. Recognise the ground-breaking work carried out by the University of Malta, the Commonwealth Secretariat and the United Nations Committee for Development Policy in developing vulnerability indices.
4. Note that some Small States have been able to achieve high levels of economic development in spite of their inherent vulnerabilities through appropriate policy orientations focused on building resilience while, at the same time, other vulnerable Small States continue to face considerable development challenges.

The Economic Resilience of Small States

5. Agree that resilience building in Small States should be given priority in view of their vulnerability and reaffirm that the concept of economic resilience does not detract from their need for special consideration.
6. Further agree that the concepts of economic vulnerability and resilience highlight priorities which need to be addressed in relation to Small States.
7. Reaffirm that a focused conceptual framework on resilience building contributes to strengthening national and regional policy approaches.
8. Have reviewed a number of policy approaches at the national, regional and international levels aimed at building the resilience of Small States, to be detailed in a separate report on the proceedings of the Conference.
9. Recognise the value of the Resilience Index developed by the University of Malta with the support of the Commonwealth Secretariat as a tool for planning economic development

policies and the need to supplement this work, *inter alia*, through a case study approach aimed at identifying best practices among Small States in the economic, social and environmental spheres so as to increase its relevance for national, regional and international decision-making.

The Role of the International Community

10. Recall the Mauritius Strategy adopted at the International Meeting to Review the Implementation of the Barbados Programme of Action for the Sustainable Development of Small Island Developing States, wherein, in Article 80 and 81 it was stated *inter alia* that “Further action is required by small island developing States, with the necessary support of the international community for developing databases, vulnerability indexes, geographic information systems and other information systems” and “Consideration should be given to the establishment of a task force to elaborate a resilience index, supported by the international community” and called upon the international community to continue supporting SIDS in the endeavour to build and strengthen their economic resilience in order to withstand the effects of adverse economic shocks.

11. Stress that while the individual countries themselves have an important responsibility for building resilience, there is a crucial role to be played by the international community in supporting Small States in this endeavour.

12. Welcome the mandates of the UN General Assembly of July 2005, the UN-DESA Regional Meetings culminating in an inter-regional meeting in Rome in November 2005 and the continuing support being committed by the UN to SIDS through the establishment of the Inter-Agency Consultative Group.

13. Commend the work of international and regional organisations that have supported efforts by Small States to promote their sustainable development and to strengthen their negotiating capacity.

14. Welcome the progress achieved so far in the initiative to set up a Network for Small States, proposed by Malta in the World Bank Small States Forum of 2005 and 2006, and view this proposal as an important initiative towards horizontal collaboration with the support of the international donor community aimed, amongst other things, at strengthening the resilience of Small States through the identification of best practices and sharing of experiences in economic development.

Expression of Gratitude

15. Express our gratitude to the Commonwealth Secretariat, the Government of Malta and the University of Malta and the staff concerned for their hospitality and warm welcome and for creating congenial conditions for a successful international Conference.