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Small States and Sustainable Development: Bridging the Gap

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Introduction

The unprecedented change in economic and social development, technology, international policies and the global environment over the last 30 years has posed great challenges for Commonwealth small states. These states¹ – made up of Small Island Developing States (SIDS) and small and vulnerable economies (SVEs) – represent a group of countries facing special economic and environmental difficulties in achieving sustainable development.

The major characteristics of small economies are a narrow economic base and a great dependence on trade for development. As a result of these, and a range of environmental challenges, which apply with greater force to them than larger states, small states are among the most vulnerable countries in the world. The risks and uncertainties associated with recent economic and security shocks are considerable and the viability of some small state economies is again becoming questionable. In this context, the World Summit on Sustainable Development (WSSD) is of substantial importance in helping small states to achieve much needed recognition of, and an adequate response to, their special circumstances and the severe challenges posed for them in achieving sustainable development.

This paper provides a link between these common challenges and possible outcomes of the WSSD. If these challenges are not adequately addressed within the Summit and

¹ Antigua and Barbuda, The Bahamas, Barbados, Belize, Botswana, Brunei Darussalam, Cyprus, Dominica, Fiji Islands, The Gambia, Grenada, Guyana, Jamaica, Kiribati, Lesotho, Maldives, Malta, Mauritius, Namibia, Nauru, Papua New Guinea, St Kitts and Nevis, St Lucia, St Vincent and the Grenadines, Samoa, Seychelles, Solomon Islands, Swaziland, Tonga, Trinidad and Tobago, Tuvalu and Vanuatu.

through specific programmes of support post-Johannesburg, small states will find it difficult to achieve effective integration into the global economy; to secure sustained growth and development; and to protect the essential natural resources and biodiversity that underpin their future development. The paper highlights the priorities of small states and how they are being addressed within the Draft Plan of Implementation that is being negotiated for WSSD. A strong partnership between the international community and small states must be an essential element in any positive outcome of the Summit.

Background

Commonwealth Heads of Government

Commonwealth Heads of Government at their meeting in 1989 agreed the Langkawi Declaration on Environment. This set out a comprehensive programme of action for the protection of the global environment and the achievement of sustainable development. It set the tone of the Commonwealth's work on environmentally and socially sustainable development, throughout the 1990s, including its response to the preparations for the UN Conference on Environment and Development (UNCED) in 1992 in Rio de Janeiro. In 1991, the work of an Expert Group on Sustainable Development assisted the Commonwealth further to develop its approach to the Rio Conference. Among other things, this put forward new ideas on the sustainable development of small states, and on issues related to gender and the environment. Direct guidance of the work mandated by Commonwealth Heads of Government has been provided by the Commonwealth Consultative Group on the Environment.

Commonwealth Heads of Government at their Meeting in 2002 supported concerted action to promote sustainable development through a balanced approach and greater integration of social, economic and environmental goals. It also endorsed the Commonwealth Secretariat's involvement in preparations for the World Summit on Sustainable Development, and called on the Secretariat to examine ways in which it could effectively contribute towards the success of the Summit.

Preparations for the Summit

There were three objectives of the fourth and final session of the Preparatory Committee of the Summit that was held in Bali (27 May – 7 June, 2002): 1) to complete negotiations on the intergovernmental Plan of Implementation; 2) to begin negotiations on the political declaration for the Summit (these two are seen as a more 'traditional' outcomes from a Summit and referred to as 'Type 1' outcomes); and 3) to review voluntary partnerships to support the implementation of sustainable development (referred to as a 'Type 2' outcomes). None of these objectives was fully achieved. On the Draft Plan of Implementation, there was agreement on 75-80 per cent of the text. The outstanding issues reflected substantial differences that divided strongly along North/South lines and related to trade, finance, globalisation, energy, and the resources and responsibilities for implementation. Type 2 outcomes were welcomed, though there were concerns expressed, especially by developing countries, including small states, in relation to ensuring equity in the selection and support of projects.

The draft Plan of Implementation is divided into ten main sections: 1) introduction; 2) poverty eradication; 3) changing unsustainable patterns of consumption and production;

4) protecting and managing the natural resource base of economic and social development; 5) sustainable development in a globalising world; 6) health and sustainable development; 7) sustainable development in Small Island Developing States; 8) sustainable development for Africa; 9) means of implementation; and 10) institutional framework for sustainable development.

Addressing the Implementation Gap

The World Summit on Sustainable Development will build on the achievements of UNCED and focus the efforts of the international community on the implementation of the remaining goals. The Plan of Implementation will provide an essential platform for co-operation that is necessary to advance sustainable development. The question remains whether small states will be able to participate effectively in the new agreement and what support may be required from donor agencies and international organisations, including the Commonwealth Secretariat and regional arrangements, to assist small states meet the challenges of the 21st century.

The problems faced by small states concerning sustainable development have so far won significant international recognition: Chapter 17 of Agenda 21 agreed there was a special case for SIDS and identified a range of special problems faced by SIDS with respect to sustainable development; in 1994 the UN Global Conference on the Sustainable Development of Small Island States adopted the Barbados Programme of Action (BPOA). This was reviewed in 1999 at the 22nd Special Session of the UN General Assembly. The framework provided by the BPOA is significant for SIDS and for all small states in their continuing quest to secure support for their efforts.

At the 1999 review meeting, the point was strongly made by SIDS that while they themselves had undertaken substantial implementation of the BPOA, many of them had problems implementing national measures, because the level of international support required in terms of aid and technical expertise had not materialised. This view has also been expressed in relation to Agenda 21. At the institutional level, considerable progress has been made, but at the practical policy level, advance has been constrained by very inadequate financial and technical international support.

Regional co-operation and a regional approach to some aspects of sustainable development in small states is one area where significant improvement has been made. A number of regional organisations and arrangements now exist to assist small states, and SIDS in particular, to address their common needs. Small Island Developing States have also co-operated at the international level through the Alliance of Small Island Developing States (AOSIS), and special efforts have been made on small states issues by the Commonwealth Secretariat in collaboration with the World Bank.

Small States and Sustainable Development

The Commonwealth has given considerable attention to the development constraints faced by small states. In 1997 it published an expert group report on Overcoming Vulnerability, which was a revisit to the subject of Vulnerability following an earlier expert group report in 1985. As a follow-up to the 1997 report, a Vulnerability Index was constructed, which was a response to a wide demand for such an index and called for by Agenda 21 and the BPOA. These major efforts culminated in a further landmark effort when

in 2000 a Joint Commonwealth Secretariat/World Bank Task force produced the report, *'Small states: Meeting Challenges in the Global Economy'*, which received wide international attention.

In preparations for WSSD, there is even greater recognition than there had been in the UNCED process that environmental protection cannot be separated from economic development and the alleviation of poverty. The period since 1992 has seen the rise of a more integrated view of development and wider acceptance of the concept of sustainable development. The WSSD can be viewed as part of a whole process in development cooperation, involving other major recent initiatives such as the WTO's New Round, the Millennium goals, and the UN Monterrey Conference on Development Financing. Thus any WSSD shortcomings in advancing the process are a legitimate concern, which small states should bear in mind and articulate their case accordingly. Thus in the current volatility in the world economy, small states are highlighting the impact on their own economies, which are normally noted for relatively high income instability, and which are already facing major adjustment problems arising from the erosion and phasing out of preferential trading arrangements, which had evolved as appropriate to their circumstances in the past.

Small states recognise the need to move to greater international competitiveness and deeper integration into the world economy, but they are concerned that the adjustment imposed on them should reflect not only globalisation pressures, but also their own economic and historical circumstances. It must also take into account the special and increasing difficulties posed for them in penetrating major markets arising not only from cost and scale considerations, but also from increasing technical and other standards.

Adding to these pressures is a severe decline in concessional finance and other official flows for several of these states. This process is influenced more by graduation considerations, based on the income criterion, rather than by compensatory ability to tap alternative sources of finance, a process, which is difficult for small states, not well endowed with natural resources. Graduation based on the income criterion does not also adequately take into account income instability and the persistence of relatively high levels of unemployment and poverty in some of these states, even when middle-income status is achieved.

The finance issue is very important if small states are to have the ability to take on additional obligations from an upgraded WSSD Plan of Implementation. The Monterrey Conference won commitments for increased concessional flows. The prospects for the Plan of Implementation would be greatly assisted if it could encourage firmer commitments to achieve the 0.7% aid target. Small states would need to ensure a better understanding of their case, if increased aid was to lead to a reversal of the decline of aid to them.

An issue, which has received inadequate attention so far, is the capacity problem posed for small states by any substantial Implementation Plan, which a successful WSSD would require. This will add to the strains already evident on negotiating and implementation capacity, arising from other international and regional initiatives in trade and finance such as the new trade round, regional trade liberalisation, the next phase of Cotonou, the Free Trade Area of the Americas (FTAA), money laundering and harmful tax competition. The Implementation Plan clearly cannot neglect this issue of technical support and capacity building.

There are special dimensions to the environmental protection of small states. The problems are not unique but many apply with greater force. Coastal zones are usually larger in relation to size of state. These zones are normally resource rich and densely populated and they are environmentally vulnerable, not only because of population concentration, but also because of the impact from wastes and effluents from land and sea, and the delicate nature of the valuable marine ecosystems that they contain. The advancing destruction of coral reefs, a valuable marine resource, illustrates the dangers. Land shortage encourages deforestation, which destroys watersheds, increases soil erosion and aggravates water shortage problems especially for less elevated islands.

An issue of great importance relates to oceans and the management of the extended Exclusive Economic Zones (EEZs). The management problem arises from both environmental protection requirements (in relation to such matters as oil spills and ship wastes) and the safeguarding of fisheries and other natural resources within the EEZ. The issue of oceans is of importance and is raised again later in this paper.

Of paramount importance to small states is the issue of natural disasters. Beyond climate change and its existing and potential threat to low lying coastal areas, the incidence of hurricanes and storm surges, is debilitating to the development of many islands and coastal states. Disaster preparedness and management could do much to reduce damage and funding for these schemes. Contingency funding and facilitative insurance arrangements for disasters remain issues for which there could be large pay-offs from improved action.

Priorities for Small States and the Plan of Implementation

An Overview

The focus of the Draft Plan of Implementation is on gaps to implement sustainable development, based on Agenda 21. It provides an opportunity for countries to strengthen their commitment to achieving the internationally agreed development goals, notably those contained in the United Nations Millennium Declaration. The Plan has a strong emphasis on addressing poverty and strengthening the social and economic pillars of sustainable development. Priorities for small states are well expressed within the Plan of Implementation. Those elements that are most relevant to SIDS priorities are: sustainable development and poverty eradication; health; globalisation; trade; biodiversity; oceans/fish; and climate change. SIDS have attained some pre-Summit successes: there is recognition that their vulnerability requires that they should receive special and differential treatment from the international community; and the section of the Draft Plan dealing with SIDS is largely agreed.

Further negotiations during the Summit will address the use of target dates and references to new financial resources or funds, as well as text on energy, labeling of products, “common but differentiated responsibilities,” the “precautionary” principle, sanitation, and institutional arrangements. Of these unresolved elements there are a number of special significance for small states. Chapter IV concerning climate change, agriculture, and disaster management. Chapter V covers threats and opportunities from globalisation, good governance, and the contribution of the WTO, sustainable trade, and assistance to developing countries to promote impact assessments that identify trade, environment and development linkages and related policy measures. Chapter IX covers the mobilisation of resources, including ODA, access to markets for developing countries’ products, and trade and

environment issues. All these issues are critical for the successful outcome of the Summit for small states since they relate to the linking of priority areas with the means of implementation.

Small States Priorities within the Plan

While it is not possible to present an exhaustive list of small states priorities within the Draft Plan, the following demonstrates that many of their concerns are being considered.

- ***Poverty eradication*** is, of course, as stated above, a priority for small states. The section states:

“Eradicating poverty is the greatest global challenge facing the world today and an indispensable requirement for sustainable development, particularly for developing countries.”

The characteristics of poverty vary across small states found in Africa, Asia, the Pacific and the Caribbean. Levels of poverty are relatively high, as are levels of under-employment in subsistence economies. At the level of people, poverty shortens economic horizons and postpones sustainable development objectives. Many countries are also experiencing a ‘poverty of opportunity’ that is associated with smallness.

- ***Changing unsustainable patterns of consumption and production*** will contribute to improved efficiency and sustainability of resource use; reduce resource degradation, pollution and waste. This element of the Plan provides a platform for improved energy efficiency and the promotion of renewable energy that is essential to mitigate climate change. It will also provide opportunities for the development of niche markets in environmentally sound products and services e.g. organic crops and solar equipment.
- ***Protecting and managing the natural resource base of economic and social development*** covers a very wide range of areas of relevance to small states. Of particular note, are the inability of the international community to actively encourage ratification of the Kyoto Protocol and the consequent emphasis on support for adaptation.
- ***Sustainable development in a globalizing world*** is of particular relevance to small states. Agreement has yet to be reached within the Plan on how this issue should be approached. While it is recognized that globalisation provides numerous opportunities for development, developing countries face difficulties in responding to the challenges. There are inherent difficulties in being able to adequately benefit from the opportunities of trade liberalization, global communications and other dimensions of globalisation. Their capacity to protect themselves from the social, economic and environmental impacts is also constrained. There is need to move to people-centred globalisation that will ensure sustainable, equitable and inclusive development. Significantly, emphasis has been placed on the development of a work programme for small economies, within the context of Doha.

- Agreement in the Chapter on *health and sustainable development* will assist with a range of both communicable and non-communicable diseases. Small states suffering from rising incidence of HIV/AIDS, and the challenges presented by TB, malaria, diabetes and dengue, will be able to receive assistance.
- The section on *sustainable development of Small Island Developing States* is a significant step forward in international policy for this group of small states. The section has been influenced by inputs from the Alliance of Small Island Developing States (AOSIS) and is receiving the support of all developing countries (G77) and most developed country partners. It covers a range of environment, economic and social priorities for SIDS. It is not an exhaustive list and other island priorities are found throughout the Draft Plan of Implementation.

The SIDS section maintains target dates, supports regional fisheries management organisations and agreements, conservation, freshwater programmes for islands, and pollution prevention. It calls for tourism initiatives, disasters prevention, work on vulnerability, support for adaptation to climate change, safeguards for indigenous intellectual property, access to environmentally sound energy, and capacity building for improved health and poverty eradication. In addition, there is agreement for an international meeting in 2004 that will focus specifically on the sustainable development of islands. This meeting will review progress in implementing the Barbados Programme of Action and will give countries a further opportunity to focus attention and resources on critical social, economic and environmental issues facing small states.

Many of the issues addressed in the SIDS section are relevant to all small states. Of particular significance is the agreement to work to ensure that, in the ongoing negotiations and elaboration of the WTO work programme on trade in small economies, due account is taken of small island developing states, which have severe structural handicaps in integrating into the global economy, within the context of the Doha Round.

- Small states in Africa will benefit from the section on the *sustainable development of Africa*. This section has recognized that since Rio, sustainable development has remained elusive for many African countries. Poverty remains a major challenge and most countries on the continent have not benefited fully from the opportunities of globalisation, further exacerbating the continent's marginalization. The recent development of the New Partnership for Africa's Development (NEPAD) provides a focus for support to small states on this continent.
- Agreement on the *means of implementation* proposed within the Plan will be critical to the success of the Summit and of particular significance to small states. The essence of a possible "deal" in Johannesburg will be how to take the decisions on trade from the last WTO Ministerial Meeting (in Doha) and those on Financing for Development (in Monterrey) and focus them on sustainable development (in Johannesburg). Some want to use Doha and Monterrey as a "ceiling", others view them more flexibly and would like to mobilize additional resources to ensure successful implementation. Increasing the availability of finance for sustainable development objectives would be essential to a successful outcome in Johannesburg.

- The *institutional framework for sustainable development* that will be used to follow-up the Summit decisions will require the participation of small states. The strengthening of the Commission on Sustainable Development as well as efforts to improve coherence and co-ordination in the implementation of multilateral environmental agreements will require particular attention.

The WEHAB Agenda

The Secretary General of the United Nations has proposed that progress can be made in the areas of:

- increasing access to clean **Water** and sanitation;
- improving energy efficiency and the share of renewable **Energy**;
- combating communicable diseases and increasing investment in **Health** care;
- increasing food production through sustainable **Agriculture**; and,
- halting and reversing the current loss of natural resources and **Biodiversity**.

The WEHAB agenda, as it is commonly referred to, is receiving growing support. Many countries are looking for a strong policy platform and targets within the Plan and developing 'Type 2' partnerships that will further promote implementation related to these priorities. A significant gap in this agenda and one relevant to many small states is the area of ocean management.

The Ocean Sector and Sustainable Development

The ocean sector can play a major role in small states development and in the revitalisation of the BPOA. The circumstances are as follows: (a) the ocean sector, consisting of fisheries, tourism, shipping, and, in some cases, oil and gas industries, constitutes one of the most important sectors in SIDS in terms of its contribution to GDP and employment; (b) this sector has considerable potential for future development due to the relatively large ratio of sea space to land space arising from the EEZs; and (c) the BPOA already places high priority and extensive responsibilities on SIDS for ocean management and development.

Unresolved issues for the WSSD on oceans include: the implementation of UN Convention on the Law of the Sea (UNCLOS) III, assisting SIDS with UNCLOS, achieving equitable and sustainable fisheries, and the rights of coastal states in the allocation of highly migratory fish stocks. The resolution of these issues is essential for SIDS if they are to manage and develop their EEZs. This would result in strengthening and extending the scope of the BPOA.

SIDS concerns about oceans stem from: 1) problems with meeting their responsibilities for management of their EEZs; and 2) their inability to exploit their marine resources effectively and in a sustainable manner. SIDS have both national and international responsibilities and obligations for sustainable ocean management and development. The national responsibilities are essentially those of implementing environmental, economic, and institutional measures for sustainable development. International responsibilities and obligations emanate from a number of international conventions.

SIDS have acknowledged that it would be difficult to meet their ocean management responsibilities from their own limited resources and that their deficiencies require co-

operation, regional approaches, and international assistance and support. The importance of the oceans sector to SIDS economies, and the potential of this sector for development, indicate that ocean management and development should constitute a major focus for the BPOA as a follow-up to progress at the WSSD. The effective management of the ocean sector in the SIDS will make a substantial impact in their pursuit of the objective of sustainable development.

Responsibilities of Small States and their Partners

Sustainable development remains a distant aspiration for small states because of their economic and environmental vulnerability and the heavy responsibilities imposed on them by Agenda 21 and other conventions. These responsibilities entail costs which constitute the most significant barrier to the implementation of sustainable development policies and measures by SIDS. The real costs of sustainable development are proportionately higher in small economies than in larger ones, and even in some of the highly developed economies, there is a resistance to meeting them. Transaction costs are typically higher per head of population in small countries especially those of the Pacific. However, it is also a reality that conservation costs in island situations can provide substantial benefits to the states themselves as well as the international community. This not only relates to the protection of their precious marine and terrestrial biological resources but also to their attractive amenities which visitors from all over the world enjoy. Tourism, including eco-tourism, involves the export of environmental services and for many small states therefore, environment protection has a special economic importance and can be seen as an investment to preserve and enhance 'natural capital'.

It is well recognised that a substantial responsibility for the implementation of sustainable development is at the national level. Small states will, however, require the assistance of their partners and the international community as a whole if they are to make significant progress in implementing the Summit outcomes. It is clear that a renewed commitment to sustainable development will have major implications for small states.

Next Steps

Continue National Level Momentum

The preparations for WSSD have generated more momentum towards sustainable development at the national level than the preparations for the Earth Summit 10 years ago. This has been evident through the national and multi-stakeholder assessments.

The response to the Summit outcomes, notably the integration of economic, social and environmental goals and the further development and implementation of initiatives, will need to maintain focus on encouraging action at the national and local levels. This will also provide an important platform for any subsequent regional or small states deliberations and for the review of the Barbados Programme of Action.

Poverty Eradication

Poverty eradication is critical to all developing countries, in particular for LDCs and small states. It requires a priority focus in domestic policies, even in many middle-income

small states. Environmental damage normally impacts greatly on the poor but reducing poverty is crucial for the achievement of sustainable development.

Governance and Participating in Post-Summit Institutions

The debate concerning governance has been a critical one during the Summit preparations. It is recognized that development is most responsive when it is inclusive, participatory and transparent. Small states are moving forward with improving governance within each country and further support will be required. Good governance is essential at all levels and one of its fundamental principles relates to participation. Steps will need to be taken post-Johannesburg to improve the ability of small states to participate effectively in both the Summit outcomes and the already existing global Conventions and agreements, to which they are a party.

Essential Consultation – engaging civil society, governments and the international community

Ongoing consultation between governments, stakeholders and development partners will need to continue post-Johannesburg if the decisions of the Summit are to be translated into effective, participatory and sustainable programmes for small states.

Resource Mobilisation

To mobilise resources for sustainable development, as laid out in the Draft Plan, assistance in the area of globalisation, specifically the development of a work programme in the context of Doha, and renewed efforts to increase official and private resource flows, will be essential. The benefits of globalisation will have to be more equitably shared, assisted by firmer commitments on aid increases

Revitalising the BPOA and a Special Case for Small States

The BPOA provides concrete measures for the attainment of sustainable development. SIDS have been supportive of the BPOA by taking action at national and regional levels. They have implemented national environmental action plans (NEAPS), and they have strengthened their regional organisations. However, international assistance has not been forthcoming at the levels necessary for the effective implementation of the BPOA.

The agreement in the PrepCom negotiations to “*undertake a full and comprehensive review of the implementation of the Barbados Programme of Action for the Sustainable Development of Small Island Developing States in 2004, ...and to request the 57th session of the United Nations General Assembly to consider an international meeting for the sustainable development of small island developing States,*” presents a significant opportunity for small states and the international community. Not only will this help to further revitalise the implementation of the BPOA but it will also enable elaboration of the special case for SIDS that are also pertinent for small states as a whole.

Strengthened Voice for Small States

It will be important to further develop the voice for small states post-Johannesburg. The preparations for the review of the Barbados Programme of Action provide an ideal

platform for this exchange of views. The period following the Summit, and up to the international meeting in 2004, will allow small states to develop a common agenda and approach to 'smallness' at all levels, from the local to the international.

Exploring Voluntary Partnerships

The Summit process has stimulated the development of a wide range of global and regional "Type II" initiatives/partnerships. As they are voluntary in nature and bring together a wide selection of partners, who wish to focus on a specific issue, they may provide opportunities to further advance the concerns of small states. A stock-take of initiatives launched at the Summit and the identification of those that could be valuable to small states will be a useful step forward.