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# SMALL STATES AND THE COMMONWEALTH SECRETARIAT

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**Abstract.** This chapter reviews the role of the Commonwealth Secretariat in promoting the interests of small states. Thirty-two of the Commonwealth's 53 member countries are small states, mostly with populations of less than 1.5 million. The Secretariat attaches high priority to supporting their integration in the global economy, building their economic resilience and competitiveness. The Secretariat provides advocacy, policy advice and technical assistance to small states, with a focus on the transition to the changing global trade regime, in an attempt to strengthen their capacity to exploit new opportunities arising from globalisation.

## 1. Introduction

Thirty-two of the Commonwealth's 53 member countries are small states, mostly with populations of less than 1.5 million.<sup>1</sup> The Secretariat attaches high priority to supporting their integration in the global economy, building their economic resilience and competitiveness.

The Commonwealth Secretariat provides advocacy, policy advice and technical assistance to its small state members. It focuses its efforts in assisting small states in the transition to the changing global trade regime, and strengthening their capacity to exploit new opportunities and challenges arising from globalisation.

This chapter, which gives a brief overview of the role of the Commonwealth Secretariat in promoting the interests of small states, is organised in five sections. The section that follows deals with advocacy on behalf of small states. Section 3 describes the strategy adopted by the Commonwealth Secretariat with regard to small states, while Section 4 describes the Secretariat's major programme areas of relevance to these states. Section 5 concludes the chapter.

<sup>1</sup> The definition of size of a Small State as a country with 1.5 million people or less was agreed by the Commonwealth Advisory Group in its report, *A Future for Small States: Overcoming Vulnerability* (1997). Jamaica, Lesotho, Namibia, Botswana and Papua New Guinea are included in the Commonwealth Group of Small States because they share similar characteristics of small states.

## 2. Advocacy on behalf of Small States

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 economic vulnerability of small states and the need for these countries to receive special treatment in a number of areas.

*Commonwealth Finance Ministers Meeting, 1977*

The issue of vulnerability was first given formal expression within the Commonwealth at the 1977 Commonwealth Finance Ministers Meeting in Barbados. Having noted the special characteristics of small states, particularly their extreme dependence on exports and imports, high dependence on capital inflow and, in some cases, their lack of natural resources, the 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 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 the Commonwealth Heads of Government at their 1979 Meeting in Lusaka and reaffirmed at their 1981 meeting.

*Commonwealth Consultative Group Report, 1985*

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 resulting Report, entitled *Vulnerability: Small States in the Global Society*, was published in 1985. The Report was the first to note that small states are “inherently vulnerable”. The report went on to examine 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, in the context of economic growth,

diplomacy and foreign policy management. This report was successful in raising the political profile of small states' issues in international fora. The report, amongst other things, stated:

“We believe it to be indisputable that the smallest and weakest within the international community, those with the least political clout, military strength or economic resilience, are among the ones who are likely to suffer most and whose special vulnerabilities are likely to go unnoticed and unrelieved for the longest time. We believe there are compelling obligations that derive from these realities: obligations on the international community, obligations on the Commonwealth itself – which has within its membership so many small states – and, of course, obligations that fall on small states themselves. All concerned must acknowledge and begin to fulfil these obligations.” (Commonwealth Secretariat, 1985).

*Advisory Group's Report, 1997*

Following this publication, the 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. At their second meeting in 1995, ministers recognised that the international context faced by small states had changed dramatically since the Cold War ended. They concluded that recent international developments pointed to the need for small states' vulnerability to be analysed in all its dimensions to cover political, economic, social and environmental concerns. The Secretary-General constituted a Commonwealth advisory group of eminent persons led by Dame Eugenia Charles of Dominica.

The Advisory Group's Report, entitled *A Future For Small States: Overcoming Vulnerability*, was published in 1997 (Charles et al., 1997). This report defined a Small State and the general characteristics which affected the security of these states. It also examined the concept of vulnerability and its close association with small size. The Report established the need for a multi-dimensional approach to identifying threats to small states. It then lists the threats that small states typically face in various political, economic, social and environmental dimensions.

*Collaboration with the World Bank*

At the request of the Commonwealth Heads of Government, a Ministerial Mission on Small States met with the President of the World Bank in July 1998. Following that meeting, the Bank and the Commonwealth

Secretariat established a Joint Task Force on Small States. The purpose of the Task Force was to assess the case for special treatment advanced by the Commonwealth and enable the Bank to examine its instruments for assisting these countries, considering alternatives and adaptations to address their unique problems, including their vulnerability to marginalisation, natural disasters, and external shocks. In addition, the Task Force was charged with examining the transitional problems associated with the changes in international trade rules and the major issues of small states within a rapidly globalising economy (Commonwealth Secretariat, 2000).

The Report of the Commonwealth Secretariat/World Bank Joint Task Force on Small States was presented to the 61st Meeting of the Development Committee held in Washington DC on April 17, 2000. Ministers welcomed the report to the Development Committee and its analysis of the special characteristics of small states that make them particularly vulnerable. They noted the Report's conclusions that tackling small states' development challenges will take a combination of correct domestic policy action, continued external assistance and, where achievable, improvements in the external environment. They also noted the Report's recommendation that the circumstances of small states should be taken into account in the policies and programmes of the multilateral trade, finance and development organisations.

The Committee supported World Bank and IMF proposals for their future work programmes on the issues of small states, as set out in the Report, and agreed that these steps could make a valuable contribution towards helping small states face their development challenges.

The Report led to the establishment of the Annual Small States Forum in the wings of the IMF/World Bank annual meetings.<sup>2</sup> In turn this has led to the establishment of the Small States Network for Economic Development. The Commonwealth Secretariat is represented on the Board of Trustees of the Network.<sup>3</sup>

In 2006, at the urging of the Small States Forum, the 2000 Report was reviewed with the following objectives: to assess whether its analysis and agenda remained relevant; to identify significant small states' issues and opportunities that have emerged since 2000; and to suggest additions to and/or deletions from the agenda in the light of recent developments.

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<sup>2</sup> Information on the Annual Small States Forum since its first meeting in September 2002 is available at <http://wbln0018.worldbank/smallstates.nsf/>.

<sup>3</sup> Information about the Small States Network is available at <http://wbln0018.worldbank/smallstates.nsf/>.

The Review (Briguglio, Persaud and Stern, 2006) showed that the challenges identified in the 2000 Report, remained relevant. These include remoteness and insularity, susceptibility to natural disasters, limited institutional capacity, limited diversification possibilities, and a high degree of openness. In addition, newer challenges have emerged. These include faster than anticipated preference erosion for traditional exports; a pressing need to diversify into new economic activities; a rapid rise in debt burdens; increased environmental susceptibilities; and rising concerns with respect to youth unemployment, crime and security and the HIV/AIDS pandemic.

The 2006 Review also outlined the critical elements of an outward-oriented development strategy for small states; although it recognised that the strategy would need to be adapted to the specific needs of individual small states.

The critical elements of this strategy are: the creation of a conducive investment climate; empowering and improving the quality, health and safety of human resources; enhancing regional co-operation; building environmental and other resilience mechanisms specifically designed to offset their unique vulnerabilities; and improving the quality of international assistance designed to support these efforts.

### *Commonwealth Heads of Government Meetings*

The issues, challenges and prospects of small states are discussed annually in the Commonwealth Finance Ministers Meeting and have become a major agenda item within the Foreign Ministers Meeting at the Biennial Commonwealth Heads of Government Meeting. There are also occasional meetings of the Commonwealth Consultative Group on small states which comprises small states' High Commissioners based in London.

The Secretariat also produces a number of studies that advocates the vulnerability of small states and the need for special treatment of these countries by the international community. These include the Vulnerability Index produced in 2001, the Annual *Small States Economic Review and Basic Statistics* and a number of publications in the areas of trade, finance and education among others, as indicated in Box 1.

The Commonwealth Secretariat has also collaborated with the University of Malta in the publication of a number of studies on vulnerability and resilience of small states.<sup>4</sup>

<sup>4</sup> Information about these publications is available at <http://home.um.edu.mt/publications.html/>.

**Box 1**

**Selected list of Commonwealth Publications on Small States\***

**ECONOMICS**

- Small States of the Commonwealth: Challenges and Prospects*, edited by Eliawony Kisanga and Sarah-Jane Danchie, 2007
- Finance for Small and Medium Enterprises in the Caribbean*, authored by Erwin Brewster (Economic Paper 76, 2006).
- Navigating New Waters: A Reader on ACP-EU Trade Negotiations*, edited by Roman Grynberg and Sanoussi Bilal, 2006.
- Marginalisation of LDCs and Small Vulnerable States in World Trade*, authored by Bijit Bora, Roman Grynberg and Mohammad A. Razzaque. (Economic Paper 71, 2005).
- Beautiful but Costly: Business Costs in Small Remote Economies*, authored by Alan Winters and Pedro Martins. (Economic Paper 67, 2005).
- Small States Economic Review and Basic Statistics*, an Annual Publication that started in 1995.
- A Commonwealth Vulnerability Index for Developing Countries* authored by Jonathan P. Atkins, Sonia Mazzi, Christopher D. Easter (Economic Paper 40, 2000).

**EDUCATION**

- Commonwealth Case Studies in Citizenship*, Education Series, 2002.
- Educational Planning and Management in Small States: Concepts and Experiences*, edited by Godfrey Baldacchino and Charles J. Farrugia, 2002.
- Caribbean Issues and Development: Teacher Education in the Commonwealth*, edited by Lucy Steward and Elwyn Thomas, 1996.

**PUBLIC SECTOR MANAGEMENT**

- Public Sector Reform in Developing Countries: A Handbook of Commonwealth Experiences*, authored by Victor Ayeni, 2002.

\* Full details on all Commonwealth titles at: [www.thecommonwealth.org/publications/](http://www.thecommonwealth.org/publications/).

### **3. The Commonwealth's Strategy with regard to Small States**

In recent years, the Commonwealth Secretariat has maintained a strong focus on small states, with some 60 percent of total programme expenditure under the Commonwealth Fund for Technical Co-operation disbursed through projects which benefited small states.

The current Strategic Plan contributes to implementing the Commonwealth's vision embodied in the 2003 Commonwealth Aso Rock Declaration.<sup>5</sup> The Declaration expresses a commitment to democracy

<sup>5</sup> Available at: [http://www.thecommonwealth.org/document/34293/35468/35774/aso\\_rock.htm/](http://www.thecommonwealth.org/document/34293/35468/35774/aso_rock.htm/) .

and a more equitable sharing of the benefits of globalisation, and recognises that development and democracy must be mutually reinforcing. It seeks to make democracy work better for pro-poor development and is determined to attain the Millennium Development Goals (MDGs). The two long-term goals of the Secretariat Plan reflect the Aso Rock Declaration's emphasis on the promotion of democracy and development, and are consistent with the Secretariat's Mission Statement.

The strategic direction outlined above is underpinned by a number of thematic issues, some of which are of direct relevance to small states, while others, though relating to developing countries in general, are also of major importance for small states.

### *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 (see Briguglio et al. 2006) and the formulating of the strategies that need to be undertaken by small states to enable them to succeed in overcoming vulnerability. This collaboration led to the organisation of a major conference on economic resilience building.<sup>6</sup>

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.

### *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 their 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 faced with constraints that are likely to endanger their sustainable development efforts.

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<sup>6</sup> Information about the Conference is available at: <http://events.um.edu.mt/resilience2007>.

*Graduation from Least Developed Country (LDC) Status*

The Secretariat provided support and highlighted the concerns of small states faced with the possibility of being graduated from the list of 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. Shortly after the Maldives graduated, it was hit by the Tsunami disaster.

*Land Issues*

Land development issues in developing countries are characterised by a myriad of issues including: inadequate policy and legal framework to regulate the ownership and use of land; fragmented institutional arrangements and weak institutional capacity; underdeveloped land registration systems and inefficient land market; minimum regard for land rights; and lack of enforcement of land-use regulations. Regional workshops were organised for member countries in Africa, Asia, the Pacific and the Caribbean on land policy, as it relates to the areas for reforms and poverty reduction. Recommendations on land administration and the development of a land policy document were proposed in the action plan.

*Other Issues*

*HIV/AIDS.* Human capital depletion is a critical and urgent issue for Commonwealth small states, and the HIV/AIDS pandemic is a major contributor to human capital loss in small states. The Commonwealth has played a major role in sharing, cross-fertilizing and disseminating information to all its members about the hazards of not addressing the HIV/AIDS pandemic early through the medium of education. The Commonwealth Education Programme has been advocating for education to be used as an aggressive weapon in the war against HIV/AIDS, and highlights the particular vulnerability of small states in the context of the virus. This included the support of the Professorial Chair on HIV/AIDS and Education based at the St Augustine Campus of the University of the West Indies, who will service the entire region and the wider community of the Commonwealth member countries and small states.



*Migration.* The Secretariat continues to hold consultations on the recruitment and migration of the highly skilled, focusing especially on nurses and teachers. Following the endorsement of the Commonwealth Code of Practice for the International Recruitment of Health Workers in May 2003 and the adoption of the Commonwealth Teacher Recruitment Protocol in September 2004, attention has now turned to expand international co-operation to promote the Code and Protocol.

*Final/regional appellate courts.* The evolving jurisprudential landscape has been of significant importance to the Commonwealth Secretariat. The challenges confronted by those Member Countries who were faced with this transitional process from the Judicial Committee of the Privy Council (JCPC) to regional appellate courts were noted. It was further recognised that within this judicial evolutionary progression, there would be the need to ensure that traditional standards of the judiciary were maintained on the one hand, and on the other, to foster the development of the jurisprudence of the region in question. Note was therefore taken of the fact that the emergence of these regional courts was integral to the various treaties of regional association and their responsiveness to the realities of an increasingly globalised world. In the light of the foregoing, the Secretariat convened an Expert Group to examine the issues and processes involved in the transition. Since that meeting of experts, profound changes in the Commonwealth have occurred. The Supreme Court of New Zealand became a reality in July, 2004; the Caribbean Court of Justice (CCJ) of the Caribbean Community (CARICOM) has also been inaugurated and the Justices to the Court of Justice of the Economic Community of West African States (ECOWAS) have been appointed. The Court of Justice of the Community of Eastern and Southern African States (COMESA) continues to make headway. The Commonwealth is now facilitating visits between the various Courts of Justice, to enhance sharing of experiences and discussions between these newly emerging Courts.

*Law and echnology.* The Secretariat provides advice and support to those countries which are in need of the legal framework for the facilitation of an e-governance and technology regime. Law Ministers of the Commonwealth approved a series of model bills developed by the Secretariat which included: electronic evidence; electronic transactions; and computer-related crimes. Additionally, a series of Commonwealth Secretariat regional Law and Technology workshops relating to e-governance were held in the Caribbean region, Asia and Africa. These workshops have been designed to build capacity by member countries at both the legislative and technology levels to prepare member countries in conceptualising e-governance strategies and to promote the adoption of the e-governance model laws. This project has been of particular

significance for small states that do not have the resources to draft the required model bills without help. It has also assisted those countries in all regions which had already enacted e-governance laws, to assess their laws with a view to recommending provisions to achieve a more efficient regime. For those countries which do not have a policy, let alone legislative arrangements, this assistance was probably more beneficial as these countries can now access pertinent information to inform both policy and subsequent drafting of legislation.

*Competition model bill.* The Secretariat drafted a model bill on competition that took into account those vulnerable sectors of the economy which had been systematically disenfranchised from the ability to effectively compete. Regional Expert Group meetings in the Caribbean, Pacific and Africa regions were conducted to recommend refinement of the bill.

*Investment promotion, e-commerce and competitiveness.* A Pan-Caribbean Commonwealth E-Commerce framework for small business development was created with the aim of fostering competitiveness through collaboration. The Secretariat, in collaboration with the Multilateral Investment Guarantee Agency (MIGA), assisted Malta to build online investment promotion capacity through a customised technical solution. The Pacific Islands also benefited from the Secretariat's collaboration with MIGA, through an initiative to assist member countries develop their abilities to attract investment, with the long-term objective of enhancing their national competitiveness. Thirteen Pacific island states now have an online presence aimed at investment promotion and economic development. The Seychelles, Trinidad and Tobago and St Vincent and the Grenadines were assisted with developing appropriate e-commerce and ICT for small business investment promotion and strategy.

*Maritime boundaries delimitation.* Several small states received assistance to review their national maritime zones legislation and to prepare briefs in their maritime boundary negotiations, as well as implementing their commitments under the UN Convention on the Law of the Sea.

*Extended continental shelf.* As the 2009 deadline for submission of claims to the extended continental shelf draws nearer, the need to determine the outer limits of the continental shelves of small island and developing states has become a major concern. Many of these countries do not have the necessary technical expertise to undertake and submit such claims. As a result, they have not started the preparations to submit potential claims. After 2009, any area outside the 200-mile limit that is not claimed will automatically become part of the common heritage of mankind, and will forever be lost to the concerned coastal state. The Secretariat

has offered targeted assistance in this area on a regional level through capacity-building workshops in order to address this concern.

#### **4. Programme Areas of Relevance to Small States**

##### *Sustainable Development*

*Implementation of the 1994 BPoA.* In January 2005, the Mauritius International Meeting completed a major review of implementation of the 1994 Barbados Programme of Action (BPoA) for the Sustainable Development of Small Island Developing States (SIDS). The Secretariat worked closely with regional organisations representing SIDS (the CARICOM Secretariat, Indian Ocean Commission Secretariat and Pacific Islands Forum Secretariat) to help co-ordinate and strengthen their role in the Mauritius negotiations and in implementing outcomes. CFTC experts were placed in the Pacific and AIMS regions to support preparations for the meeting and its follow-up. Technical assistance was also provided in the preparation of national assessment reports and case studies on sustainable development.

*Disaster management.* The Secretariat has worked closely with the Commonwealth Disaster Management Agency (CDMA) since its launch in 2000 and endorsement by Commonwealth Finance Ministers at Malta in 2002. In response to an invitation from the World Bank, the CDMA has advanced various proposals, in particular for a mutual insurance arrangement, and in early 2005, entered discussions with the World Bank. This initiative has since been taken up by the World Bank. The Secretariat has also collaborated with regional Intergovernmental Organisations (IGOs) on reducing the future impact of natural disasters by strengthening advance-warning networks, including the human and institutional capacity and the information systems that underpin effective disaster warning and response across international borders. This work led to an inventory of the disaster-warning systems in SIDS regions, as well as the gaps that exist and the areas for collaboration. This outcome, as well as the methodology used, has since been used as a template by the UN agency tasked with the implementation of the Hyogo framework.

*International environment instruments.* The Secretariat assists countries to implement their international obligations under various environmental conventions to ensure capacity building and to assist these states to develop laws for the protection of the environment, underpinned by comprehensive policy, and to consider the need for further regional co-operation in the light of their international obligations. In this regard, a workshop was held in the Maldives which highlighted the obligations

of small states under the various environmental conventions and the need for a comprehensive regulatory framework to complement policy.

*Landlocked States under the United Nations Convention on the Law of the Sea (UNCLOS).* The Secretariat has started to sensitise member countries of international legal developments and as a corollary, to assist them in honouring their international obligations through adopting the appropriate legislative framework and requisite agreements. The Secretariat has sought to assist small states in their understanding of the legal and international implications of Part V of UNCLOS. Part V contains provisions for landlocked and geographically disadvantaged countries to share in the maritime resources of the coastal state(s), as well as to enjoy certain rights of innocent passage. The implications of the ability of landlocked states to access the living resources of the sea will have a major impact on any development projections for such states. The Secretariat is in the process of developing a bilateral treaty/agreement template to assist landlocked states in this respect.

#### *Youth Development*

The Commonwealth Youth Programme works in a number of strategic areas including youth enterprise development, youth networking and youth participation in the HIV/AIDS programme.

*Youth enterprise development.* Through the Secretariat's work in enterprise development, geared towards achievement of the MDG goal of poverty reduction through the provision of credit, mentorship support and enterprise development training to young people, large numbers of young people have been able to establish their own businesses, thus producing employment for themselves and other young people. In Africa, 175 businesses have been created as a result of the credit, mentorship and training received by young people; in Malawi, for example, this has been realised through the establishment of a credit facility. Over 7,500 youth-oriented businesses were created in the Asia region. In Guyana, 15 micro businesses were implemented after training young people from marginalised rural communities. An interactive website and marketing portal was launched at the Consortium of Women Entrepreneurs India (CWEI) annual meeting in 2004, to increase export of products produced by women entrepreneurs. The concept for this portal was developed and supported by the Commonwealth Youth Programme Asia Regional Centre.

*Youth Development Index.* The Secretariat implemented the Youth Development Index (YDI) project which focuses on the development of a computerised database system, using web-based technologies to collect

and collate information on youth development issues. Initially implemented in the Caribbean region, the YDI will provide information to governments and development agencies on the situation of young people and assist them to develop appropriate and relevant programmes for young people. Technical assistance was also provided for National Youth Policies and the implementation of the Diploma in Youth in Development course.

*Youth participation – HIV/AIDS.* Under this programme, young people who are HIV-positive perform roles as peer educators and counsellors to other young people. Additionally, the “Play It Safe” HIV/AIDS initiative is evolving as an innovative project to raise awareness and encourage more community action on HIV/AIDS. In St Vincent and the Grenadines and St Lucia, the project uses sports popular with young people, e.g., cricket, soccer and netball, as a medium for reaching unattached young people in rural communities and encourages their involvement and action in the fight against HIV/AIDS. This project has a strong potential to become a model of best practice.

#### *International Trade*

*Negotiating trade for development.* Faced with multiple negotiations on trade liberalisation, Commonwealth countries, particularly small states and LDCs, must balance commitments with long-term economic goals. As negotiating deadlines draw nearer, limited negotiating capacity and resources present a significant challenge for many members.

*Trade policy.* The Commonwealth Secretariat’s work in trade policy is conducted within the context of the Doha Development Agenda, bilateral initiatives, regional integration frameworks within members, and the negotiation of Economic Partnership Agreements (EPAs) between the African, Caribbean and Pacific Groups of States (ACP) and the European Union (EU).

*Technical and analytical support.* This is being provided on a wide range of issues under the Doha Development Round negotiations. These include the publication of a series of economic papers and books. Technical support has also been provided to Commonwealth small states to assist in the preparation of positions/proposals under the Small Economies Work Programme under paragraph 35 of the Doha Declaration. The successes of this process have been the Fisheries Subsidies Disciplines and the Financial Services Proposals which have been tabled and are currently being negotiated. An assessment of the implications of the decisions taken at Hong Kong was undertaken and this identified four issues that the Secretariat would focus on, in its follow-

up work on the Hong Kong Ministerial Meeting. The four issues include: aid for trade; cotton; least developed countries; and small economies' work programme. Analytical work on implications of the Hong Kong outcomes appears in the Commonwealth Secretariat publication *After Hong Kong: Some Key Trade Issues for Developing Countries*, edited by Ivan Mbirimi. The aim of this work is to enhance understanding of key concerns of developing country members, particularly LDCs and small states, with a view to increasing their effectiveness in multilateral trade negotiations.

*WTO awareness and compatibility.* Technical assistance is being provided to a number of small states to raise awareness of WTO agreements, ensure that legislation is WTO compliant, and create an efficient and competitive trade facilitation system and an improved business climate.

*Developing the services sector.* Cyprus and Malta are being assisted in developing a programme for the expansion and diversification of exports of professional services and identifying foreign markets and potential users. The study of Mauritius Services Exports under Cotonou has also led to the development of a strategy to prepare Mauritius for the forthcoming trade negotiations with the EU. The Secretariat has also developed a methodology for the promotion of services exports, and assisted Mauritius with the development of a services exports strategy.

*Establishment of WTO facilities in Geneva.* The Secretariat has also assisted in the establishment of WTO non-resident facilities in Geneva. Participation in negotiations has also been promoted, with assistance to regional organisations to establish a physical presence for non-residents in Geneva, and by facilitating dialogue for consensus building.

*"Hub and Spoke" Project for the ACP Region.* The Commonwealth Secretariat, in collaboration with the Francophonie (AIF), is also implementing the "Hub and Spoke" project, the objective of which is to improve the ability of ACP countries and organisations promoting regional economic integration to manage their negotiations within the WTO and with the EU. The project entails the placement of international Senior Trade Experts with regional economic integration organisations (the 'Hubs'), as well as Trade Fellows in individual countries in each region (the 'Spokes'). The Senior Trade Experts provide trade policy advice, while the Fellows will enhance research and analytical capacity during the accelerated trade integration from trade negotiations at the WTO and EPA negotiations.

### *Investment*

*Investment in economies with 'endowed' handicaps.* Attracting investment remains a major challenge to small states. The Secretariat is implementing

the consensus on promoting investment into these economies. This includes advocacy and seeking to build consensus on innovative risk-sharing mechanisms. The Secretariat has stepped up its efforts to maintain and develop the dialogue between the international financial institutions and domestic commercial banks and other development partners. In this context, the Secretariat has played an active role in high-level discussions in the EU. Furthermore, the Secretariat has maintained and developed dialogue with other key regional development banks in the Asia-Pacific, African and Caribbean regions.

*The Commonwealth Private Investment Initiative (CPII).* This was launched by the Commonwealth Finance Ministers at their meeting in 1995 (and endorsed by the Commonwealth Heads of Government later the same year). It promotes foreign direct investment flows in the form of private equity funds. The funds raised are subsequently invested directly into operational private-sector businesses for the medium to long term, normally 3 to 7 years. So far, regional funds—in the form of investment capital, as opposed to grants or concessional loans—have been established under the CPII, raising over US\$300 million. Investments are being made in various sectors in Africa, South Asia, the Pacific and the Caribbean.

#### *Finance and Debt Management*

*Strengthening financial systems.* The Commonwealth Secretariat in conjunction with the Financial Sector Reform and Strengthening Initiative (a multi-donor grant facility providing technical assistance to promote financial sector strengthening), supported the technical study on international standard setting and the impact on small developing countries with international financial centres. This study provided a cost/benefit analysis on the implementation of standards aimed at combating the financing of terrorism (CFT) and anti-money laundering (AML). It included a concrete estimation of the costs of implementing the AML/CFT standards in three selected countries—Barbados, Vanuatu and Mauritius.

*Support for OECD and ITIO related work.* The Commonwealth Secretariat supports participation of small member states at the OECD Global Forum Sub-Group meetings and hosts these meetings once or twice annually. The meetings are unique in that they provide a forum for dialogue between the OECD and small developing countries which would not normally have voice in the international arena. The discussions have led the OECD to complete the Report *Tax Co-operation: Towards a Level Playing Field*. The Secretariat also supports the work of the International Trade and Investment Organisation (ITIO), and recognises that many of

its member jurisdictions still come under attack from international standard setters. The Secretariat has therefore committed itself to engaging these standard setters in dialogue and funding studies which show where small jurisdictions continue to be disadvantaged by larger, more influential players. The Commonwealth Secretariat has initiated work on financial inclusion and, in particular, financial literacy among developing countries.

*Debt management.* The Secretariat provides support and maintenance to several small states for CS-DRMS2000+ software for recording and analysing their debt portfolios. Countries have also benefited from training and advisory services in debt and fiscal management.

### *Public Sector Development*

*Advisory and consultancy services in capacity building.* These are being undertaken at the Pan-Commonwealth, regional and national level. The key areas are in assisting member countries, which include the small states, to establish or enhance efficient and effective public-sector institutions; strengthening the capacity of institutions to provide training in the public sector; and assisting to establish or enhance governance and regulatory environment.

*Promotion of good governance.* The Secretariat's efforts to promote good corporate governance focus on strengthening the capacity of countries and companies to compete in the global economy, promoting a positive post-privatisation environment, anti-corruption efforts, and enabling the corporate sector to contribute to people-centred development through improved corporate citizenship. Towards this end, the Secretariat has provided training to companies and government bodies in Commonwealth small states in a number of areas including: corporate governance; anti-corruption; ethics, integrity and professional standards in public services; the role of the Ombudsman in improving public services; and prosecuting money-laundering and terrorist financing offences.

*Training and capacity building.* Projects were carried out that benefited small states under Africa, Asia/Pacific, Caribbean and the Mediterranean training programmes, in addition to the Singapore and Malta Third-Country Training Programmes. These include advanced seminars for chief executives of government enterprises, corporation and public services, training seminars in results-based project management for the public sector and, human resource policy development. In addition, 21 senior level public sector personnel from the Caribbean region were sponsored for the Executive MBA in Public Sector Management, and 27



middle-level public sector personnel from the Caribbean region were sponsored to attend a six-week Executive Diploma in Public Sector Management at the Institute of Business (IOB), University of the West Indies, Trinidad.

### *Sectors*

*Mining policy.* Small states were assisted in the development of the minerals and mining policy, petroleum legislation, and negotiations for the development of an offshore gas field.

*Agriculture.* The Secretariat assisted several small states to enhance their agriculture sector. This included a SWOT analysis in Gambia to enhance competitiveness, expansion of Belize's papaya export industry and technical advice on the sustainable development of Brunei Darussalam's aquaculture industry.

*Fisheries.* The Pacific Island Countries benefited from assistance to implement the Strategic Plan on the management of coastal fishery resources. Country-wide consultations were held in Tonga to develop national fisheries legislation that is effective in managing the country's fisheries resources and marine environment.

*Small and Medium Enterprises (SMEs).* Standards that describe the quality and performance of goods and services are now critical in the development of trade. They provide a framework and common language for commerce and enhance the competitiveness of local products in international markets. The Gambia received assistance for the establishment of a National Standards Bureau (NSB) as a critical step in complying with international standards and in improving the competitiveness of SMEs. Namibia received assistance in the formulation of a programme for the development of clusters of small and cottage industries, including small-scale miners to establish their own cottage industries for cutting and polishing gemstones. The Secretariat is assisting Antigua and Barbuda to develop an operational plan for the implementation of the metric system of measurement. Jamaica was equipped with a comprehensive framework to implement a strategy for the development of the Information and Communication Technology (ICT) sector, to create an environment for small businesses, to use ICT as a source of economic activity and to develop strategies to innovate and commercially exploit new intellectual assets. St Kitts and Nevis was assisted in its efforts to diversify the economy from heavy reliance on the sugar industry. A Pan-Caribbean SME Development Programme is being implemented with the objective of combining capacities and networking the small business sector among member islands in the

Caribbean. The Secretariat has also launched an SME-dedicated electronic portal which can be accessed through its website. The portal contains valuable information and provides easy access to materials of special interest to SMEs.

*Tourism.* Lesotho received assistance to review and upgrade the National Tourism Development Plan which will lead to the development of a sustainable tourism sector. Technical assistance was provided to St Vincent and the Grenadines for a tourism investment promotion programme. The Caribbean Tourism Organisation has been the direct beneficiary of an institutional strengthening programme to develop a regional tourism human resources strategy and guidelines for best practices in human resource development.

#### *Processes*

*Long- and short-term experts.* Over the past year, a total of 84 long- and short-term experts at a cost of £2.65 million were provided to small states to build up capacity. These experts were in areas such as the administration of justice, telecommunications, e-governance, knowledge management, sustainable development, regional and local government, financial services sector, quality assurance, public services development and management, economic negotiations and education. The Commonwealth Secretary-General also engaged Special Envoys to strengthen parliamentary processes. In the wake of the Tsunami Disaster which struck the Asia Region, the Secretariat provided an Adviser to the National Disaster Management Centre in Malé, Maldives on a two-week assignment (January 2005). His co-ordination led to the identification and screening of a large number of volunteer doctors who were posted to the Republic of Maldives for short-term assignments.

*The Commonwealth Service Abroad Programme (CSAP).* This is a volunteer programme of the Commonwealth Secretariat that assists in the design, development and implementation of mass impact projects that help to improve the lives of Commonwealth citizens. Launched in 2001, the CSAP provides technical assistance to member countries in the form of volunteers, who are typically mid-career, senior or retired professionals. CSAP involves the provision of expertise, on-the-job training, exposure to new technologies and innovative practices and technology transfer. CSAP helps member countries in tackling the Millennium Development Goals mainly poverty eradication, education and health, environmental sustainability and regeneration. The CSAP facilitated the Tsunami disaster medical relief in the Maldives through the mobilisation of doctors to assist in the relief and support for those affected by the tsunami at island health facilities and regional hospitals. Other programmes

implemented under the CSAP included: income-generating capacity building for women in Lesotho; study on ground water pollution and a remedial action plan in Mauritius; micro-enterprise development for youth; mainstreaming nature conservation in the Pacific; technical support for the medium-term development plan for St Lucia; support for capacity building of the national herbarium library at the University of the West Indies; and technical support for establishment of micro credit schemes for youth under the Commonwealth Youth Credit Initiative (CYCI).

#### *Aid Modalities*

The Commonwealth Secretariat's assistance takes the form of advocacy and consensus building; policy advice; capacity building; and technical assistance. Assistance is being provided both bilaterally to national governments, as well as to regional Inter-Governmental Organisations (IGOs) comprising small states (e.g., CARICOM, Forum Secretariat and the Indian Ocean Commission). Mandates for the Secretariat's work are obtained from the Commonwealth Heads of Government meetings and Ministerial meetings. The Secretariat also works on requests from countries that fall within these mandates. This work is delivered through a variety of means including long- and short-term experts, policy studies, publications, workshops and Ministerial meetings.

## **5. Conclusion**

The Commonwealth Secretariat has been the pioneer in drawing international attention to the inherent vulnerabilities of small states. The Secretariat has a long and successful history in ensuring that the issues and challenges facing these countries receive special attention, and that the prospects for these countries in the global economy are effectively explored. As a result of this leadership from the Secretariat, small states are now featured in the World Bank, in the Small Economies Work Programme of the WTO, and in the UN Small Island Developing States Work Programme. These achievements relating to small states demonstrate its comparative advantage in leading dialogue on development issues and building consensus across traditional blocs. As a result, the Secretariat is now a trusted partner with regard to advocacy on small states. The Secretariat has worked with a number of development partners, institutes and universities, including the United Nations Department for Social and Economic Affairs (UNDESA), the World Bank, the University of the West Indies and the University of Malta, to ensure that the issues affecting small states receive the international attention they deserve.

Through a number of the studies published by the Secretariat, it has been established that small states are vulnerable and there needs to be a multi-dimensional approach (social, economic, environmental), to address the issues faced by small states and to build their resilience.

In addition, the Secretariat's expenditure on small states, through the various programmes and projects has resulted in the building of capacity in these countries, as well as the sharing of best practices among small states. All of this has allowed small states to become better integrated in the Global Economy, although there is still much more to be done in this regard.

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