



Third Global Biennial Conference on Small States: *Building Resilience in Small States*

Bay Gardens Hotel, Saint Lucia, 26 - 27 March 2014

OUTCOMES STATEMENT

1. The Commonwealth convened its Third Global Biennial Conference on Small States on 26-27 March 2014. The meeting was co-hosted by the Government of Saint Lucia, in celebration of the International Year of Small Islands Developing States (SIDS) in 2014. Participants were Prime Ministers, Ministers and senior government officials from 31 countries, as well as from regional and international organisations and civil society. The meeting provided a platform to share experiences on practical policy approaches to build resilience and sustainable economic growth, which led to the identification of priority areas for future action.
2. In spite of some progress, small states continue to face significant challenges to the achievement of their sustainable development and internationally agreed development goals. Small states have made less progress in achieving the Millennium Development Goals when compared to other country groupings. They struggle to withstand or bounce back from adverse shocks, which have significant impacts on growth and make it difficult to retain fiscal space and build reserves to cope with shocks. Participants recognised that despite these challenges, there are many opportunities to pursue practical solutions to build resilience in small states, as purported in the Commonwealth's five key pillars of resilience building: macro-economic stability; micro-economic market efficiency; good governance; social development and cohesion; and sound environmental management.

A POLICY FRAMEWORK FOR BUILDING RESILIENCE

3. Discussions emphasised the conceptual underpinnings of vulnerability and resilience in each of the five pillars, and the use of resilience profiling to drive progress towards greater resilience. Country profiling can identify resilience gaps and inform national strategies to guide change in a results-oriented way. Some small states have already made remarkable progress in designing and building strong frameworks. A number of small states have been graduated to middle income status. Yet development gains can be rapidly reversed by shocks since the costs of addressing these can represent a high proportion of GDP, even exceeding annual GDP rates.
4. Small states need a supportive global financing and trade environment to provide effective facilitation of their development efforts. Participants found that support mechanisms available to them do not always adequately address their special needs. The use of GDP alone as a development measure has proved inadequate for small states: while some small states benefit from special financing windows a more holistic approach is required. Participants agreed that a fully recognised vulnerability and resilience framework would provide such an approach and should be highlighted within the SIDS 2014 process.

5. The Conference shared practical experiences with resilience building from Saint Lucia, Seychelles, and the Indian Ocean Commission. These focused on the role of national visioning processes, systems modelling and scenario building, as well as practical efforts to strengthen macro-economic stability and build reserves. The considerable impacts of natural disasters and the costs of recovery were highlighted. Malta provided an update on its initiative to establish a Small States Centre of Excellence to support the needs of small states, and which will serve as a platform to share skills and tools.

SOLUTIONS FOR SMALL STATES' INDEBTEDNESS

6. Debt reduces the capacity of small states to proactively respond to external shocks. Discussions reviewed empirical evidence of the debt challenges of small states, and innovative measures to address them. While a number of small states have undertaken debt restructuring exercises, they continue to face high and unsustainable debt burdens and their middle-income status limits their access to concessional resources. Participants agreed that a more concerted and resolute effort is needed more permanently to resolve debt problems of small states. Higher rates of growth will also be key.
7. Innovative and non-traditional measures to address high debt burdens include: the use of resilience building as a policy condition for lending by the International Financial Institutions; the inclusion of vulnerability as a criteria for access to concessional resources; the development and application of counter-cyclical loans for mitigation of growth and debt challenges; and debt for climate change adaptation and mitigation swaps. The meeting shared experience from Seychelles in its initiative to establish an ocean-based debt for climate action swap. The meeting agreed that these mechanisms can unlock valuable resources while recognising challenges in their implementation that need to be further examined.
8. Several practical actions to take forward include: sharing factual information on debt instruments on a dedicated website; compiling one-page briefs on the various instruments for review and comment; and booklets on the ways in which small states have made progress on resilience building.

A GOVERNANCE STRUCTURE FOR BUILDING RESILIENCE

9. Participants recognised governance as being the whole of public and private interactions to solve societal problems and to create societal solutions. Governance plays an underpinning role in resilience but the distinctive nature of small states is often not fully considered in studies on governance to date. Challenges for small states in the area of governance include limited capacities and the underdevelopment of institutions, which is exacerbated through the significant role of informal networks. The meeting explored the link between governance and resilience; discussed options for policy-makers to strengthen their governance framework given their limited human and financial resources; and considered the role of the diaspora in governance structures in small states.
10. Participants examined different approaches to analysing governance structures in small states, and the roles and interactions of a wide range of actors. The Commonwealth's Governance Assessment Framework for national reviews drew strong interest. The meeting highlighted the importance of regional and international governance structures for resilience of small states. Efforts towards regional integration and reform of international institutions can all help build resilience in small states. Aspects to consider include strengthening the voice of small states and making global trade rules supportive of small states' development.

ENVIRONMENTAL RESOURCE MANAGEMENT AND CLIMATE RESILIENCE

11. Exposure to environmental shocks, together with the deeply integrated nature of small states' economies, social wellbeing and the natural resource base, make environmental management an important element of resilience building in these countries. The meeting shared ideas on environmental governance indicators for resilience-building; and reviewed approaches to ocean governance to maximise the benefits accruing to small states from their extensive marine areas. A key focus is strengthening cooperation across regions, ocean ecosystems, sectors and different stakeholders. Another is to resolve the boundaries with neighbouring states. This will help clarify jurisdictions and provide a framework for the exploitation of resources, including tidal and other forms of energy. A starting point is to audit current governance systems and the value of resources.
12. While delegates recognised the challenges of creating a consensus at national level on the way forward, they emphasised the value of transparent and inclusive, consultative approaches to achieve this. Delegates also highlighted the need for ocean forecasting to predict impacts from climate change; action on land-based sources of pollution; and efforts to strengthen oceans and seas issues in the Third International Conference on SIDS process (SIDS 2014).

POLICIES IN SUPPORT OF SOCIAL RESILIENCE BUILDING

13. Participants explored social policy responses for resilience building and considered how social frameworks could be strengthened to enable small states to cope with shocks. Social change takes time and as such, policy responses should be contemplated over the long rather than short or medium term. Additionally, social change requires adequate financing and investment, which is not always readily available to small states. Population trends in different small states have an important bearing on social policy and needs attention.
14. Participants recognised that social policy should not be formulated in isolation, and that social cohesion is dependent on a range of resilience factors, including governance, environmental and economic management. Participants reflected on their respective country models and agreed that social policies that effect social cohesion are both essential and desirable. While some small states have succeeded in improving their social indicators through appropriate social policies, distinctive gaps still exists in social development and cohesion, which see some states falling behind and others failing. Despite their inherent vulnerabilities, some small states have been successful precisely because of complementary social policies and strategies that they have implemented.

WIDENING PARTICIPATION IN RESILIENCE BUILDING

15. A distinctive feature of the meeting and its outcomes comprised the extensive sharing of knowledge, information and useful practices across a wide range of stakeholders. The process yielded analytical, research, training, institutional and policy proposals as well as helped hone Commonwealth and global advocacy priorities. In particular, the meeting shared experiences on the role of youth in resilience building, including the contribution of young people to growth, economic activity, and the challenges they experience in accessing the economy, financial system and securing employment. Key proposals included ensuring the perspectives of young people in ongoing global processes such as the SIDS 2014 conference and post 2015 development framework. The meeting welcomed the Commonwealth's innovative capacity building training programme on the environment and sustainable development and its collaboration with the Commonwealth of Learning to deliver this course. Civil society shared their perspectives on the Green Economy and the need to address all three pillars of sustainable development. The contribution of micro-, small- and medium-enterprises to economic growth should be

better recognised. Participatory and inclusive approaches are needed, involving all stakeholders; as well as capacity building to ensure that such processes are effective.

THE WAY FORWARD

16. The meeting reiterated the importance of having a universal framework on vulnerability and resilience, and to embed resilience building actions at the national level and share lessons of best practice and experiences. It also sought clear advocacy messages to take forward in international processes on resilience building, including in respect to debt and development financing support for small states. Innovative approaches include: the use of resilience building as a conditionality in accessing concessional resources; vulnerability as a criteria for access to concessional resources; and debt for climate action swaps.
17. Other practical proposals included: the inclusion of other small states within the agenda of the SIDS 2014 meeting to build political momentum and buy-in; strengthening the SIDS 2014 approach in a number of areas such as sustainable consumption and production, and agreement on specific programmes on natural resources management with adequate funding and technologies; and action to integrate youth as key stakeholders in the process of resilience building and market information to them to gain their engagement. The resilience building initiatives of the Commonwealth Secretariat could be coordinated with the UN process, and support Commonwealth delegations in engaging on resilience building issues as the negotiations going forward. Efforts are also needed to contribute results on vulnerability and resilience into the Sustainable Development Goals and post 2015 development agenda. A focus on resilience building as an overarching priority and framework, together with some key proposals on development financing, trade, debt, and ocean governance, would provide focus and impact in advocacy efforts. One way to achieve this could be through a communication at a high political level to highlight the outcomes of this meeting within the SIDS 2014 and other international processes.
18. All participants recognised the value of the Global Biennial Small States Conference as a forum for sharing experiences and highlighting issues requiring consensus building. Cognisant of the SIDS 2014 and post 2015 processes, participants urged efforts by all to distil and convey a few priority actions to build resilience in small states, drawing on the discussions at this meeting. Key objectives are to build political will towards strong outcomes on resilience building. The delegates warmly thanked the Government and people of Saint Lucia for co-hosting the Third Biennial Conference, and for the hospitality that was extended to them. They welcomed the offer of Seychelles to co-host the next Biennial Conference.

Saint Lucia
27 March 2014