We, the representatives of small states, met at the Small States Forum on October 10, 2015. We welcomed the presence of the World Bank Group’s President Dr. Jim Yong Kim and the United Nations’ Secretary General Ban Ki-moon as a sign of continued commitment and support to the small states.

We considered the impact of the current global economic situation and discussed prospects for the future. We noted that the economic performance of our countries in the recent past is a reflection of the more limited availability of policy tools and resources and also the challenge that small states face in diversifying economic structures and re-orienting economic activities in new markets and sectors.

We emphasized the need for extraordinary efforts individually and collectively to ensure that development gains in our countries are sustained and to support progress towards the Sustainable Development Goals. Many small states are still confronting a number of common reform challenges in the medium term, on which each has made different degrees of progress. We recognized that strong economic governance, efficient domestic resource mobilization, and private sector development are essential to help our people improve their lives.

We also noted that investment in infrastructure and human capital remains key to promote growth and achieve shared prosperity. But, we recognized that growing fiscal pressures and international conditions could present challenges to mobilizing resources. In this context, we benefited from an extensive exchange of views on the recent conference on Financing for Development in Addis and the upcoming COP21 in Paris.

While we emphasized the need for stronger fiscal positions to enable faster restoration of policy space, we underscored the effect of external shocks and natural disasters in exacerbating fiscal and macroeconomic challenges. Also important, augmented donor support to help our countries build resilience, address inherent vulnerabilities, and break the low growth, high debt, limited fiscal space spiral, which will continue to have important and long-lasting impacts on our development prospects. With regard to this, we are grateful for the considerable financial support that the World Bank and other partners have provided in recent years, and look forward to renewed targeted support to benefit small states. We also called for scaled-up global assistance to build resilience and ensure that there are no impediments to the Green Climate Fund financing reach small island states.

We expressed concern that a large number of bilateral and multilateral financing sources continue to rely on income measures based on GDP per capita to determine eligibility to
concessional resources, without taking natural disasters and other vulnerabilities to external factors into account. We appreciate the World Bank’s efforts to address this issue through the ‘small island exception’ access to IDA funding, but look forward to the development of more systematic criteria for determining access to appropriate resources. We called for a coordinated effort by development partners to review the rules governing access to concessional finance and welcomed proposals to establish a high level working group among the development banks and its partners to achieve this.

We identified seven priority actions for our development partners and called on the World Bank Group to take the lead in coordinating this joint effort in order to ensure these priorities are achieved and small states have appropriate access to resources:

1) The inclusion of vulnerability aspects in the criteria to better define the access of small states to appropriate resources, including for climate finance
2) Enhanced access to predictable and systematic development financing to small states, including through revisions to multilateral and bilateral allocations
3) A coordinated approach, through multilateral and bilateral support, to facilitate debt sustainability for small states as a means to free fiscal space, including with the use of innovations such as debt swaps.
4) Clear and simplified criteria for access to climate finance that acknowledges small states limited capacity and higher vulnerability
5) Continued focus on capacity building and technical assistance for small states
6) A focus on potential growth areas for small economies such as through strategies to develop a Blue Economy
7) Develop mechanisms that help small states access financial markets in a cost effective manner, including through the provision of partial guarantees.

Lastly, we were happy to share some examples of success in small states and thank the World Bank Group for its continued support of the Forum at which we learn from each other and tap into useful global expertise.

Jean-Paul Adam

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Chair of the Small States Forum