

The World Bank and Small States: Accelerating Partnerships

At a Glance

More than 40 countries with populations below 1.5 million are members of the World Bank Group. According to the 2000 Report of the Joint Commonwealth Secretariat/World Bank Small States Task Force, they broadly share a set of common vulnerabilities:

- (i) remoteness and insularity,
- (ii) susceptibility to natural disasters and climate change,
- (iii) limited institutional capacity,
- (iv) open economies vulnerable to exogenous shocks and unable to easily diversify, and
- (vi) difficulty accessing external capital.

Bank Engagement

In the years since the Small States Task Force Report, the Bank's active engagement with small states has addressed these challenges through specific country and regional programs and through advocacy and corporate initiatives.

The World Bank has strengthened its financial assistance to small states in recent years. IBRD lending to small states increased more than sevenfold during the crisis. IBRD and IDA commitments reached over 422 million in FY11, more than doubling pre-crisis levels.

Moreover, a number of the small islands continue to benefit from IDA resources even though their per capita incomes far exceed the IDA threshold. At the last IDA16 Replenishment, the following two measures were approved to strengthen IDA support for small states:

- eliminating the maximum per capita allocation ceiling, currently set at SDR19.8, which has constrained the allocations of several small states;
- raising the base allocation for small states from SDR1.5 million to SDR3 million per year. This second measure would result in a substantial increase of IDA resources for small states with small populations, notably Dominica and Tuvalu.

The World Bank is also ready to step in when disasters occur. Following the 2009 tsunami, IDA was able to provide significant additional resources to both Samoa and Tonga. For the longer term, the Bank has a track record in leveraging concessional funds to help the Caribbean countries adapt to climate change, such as the Pilot Program for Climate Resilience, and in leveraging donor-pledged resources.

Finally, technical and advisory services, economic and sector work represent an important component of the World Bank assistance to small states strategies in support economic stability, competitiveness, and inclusive and sustained growth. The design of innovative mechanisms and pioneering new approaches are also at the center of our strategy to better assist to specific needs of small states. This analytical work include the understanding the depth of the debt problem in the small vulnerable states as well as investigating options for introducing and scaling-up renewable energy and energy efficiency measures.

South-South Knowledge exchange

In addition to strengthening its financial assistance to Small States, as part of its corporate commitment, the Bank also organizes the Small States Forum during the IMF/World Bank Annual Meetings to raise the profile of small states issues; strengthen the dissemination of small state knowledge; and experience provide an opportunity for small state officials to bring their views and ideas to the attention of the international community.

Since 2007 the Bank has actively supported the Small States Network for Economic Development—a South-South small state mechanism that aims to promote (i) the sustainable development of small state economies and their more effective integration into the rapidly evolving global economy, and (ii) the increased integration of the concerns and interests of small states into the policies and programs of the international community. The Network’s approach is principally built on South-South peer exchanges of expertise among small states, which have been funded through the Bank’s Development Grant Facility.

The Bank also supports an initiative by the Isle of Man, the Network’s first Associate Member, to develop a fully funded world-class executive education program for government officials working in the finance and line ministries, treasury departments, central banks, and regulatory bodies of small states.

Moreover, to better detail the challenges facing small states, and to bring to the surface existing gaps in data collection, the Bank has launched a biannual “Small States Supplement” to one of its flagship publications, World Development Indicators.

For more information on the World Bank’s work with small states, see www.worldbank.org/smallstates.

* Antigua & Barbuda, Barbados, Belize, Bhutan, Botswana, Cape Verde, Comoros, Djibouti, Dominica, Equatorial Guinea, Fiji, Gabon, Gambia (The), Grenada, Guinea-Bissau, Guyana, Jamaica, Kiribati, Lesotho, Maldives, Marshall Islands, Mauritius, Micronesia (Fed. States), Montenegro, Namibia, Palau, Samoa, Sao Tome & Principe, Seychelles, Solomon Islands, St. Kitts & Nevis, St. Lucia, St. Vincent & the Grenadines, Suriname, Swaziland, Timor-Leste, Tonga, Trinidad & Tobago, Tuvalu and Vanuatu have access to IBRD and/or IDA financing. (All but five of these countries have populations below 1.5 million.) In addition, World Bank small state members include the high-income countries of the Bahamas (Commonwealth of), Bahrain, Brunei Darussalam, Cyprus, Estonia, Iceland, Malta, Qatar, and San Marino. All 48 small states are invited to the Small States Forum held during the IMF/World Bank Annual Meetings.

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