

(ADVANCE UNEDITED VERSION – ENGLISH ONLY)

High-level Segment

Round Table One

The way forward: Mobilizing resources for the further implementation of the Barbados Programme of Action
(Thursday, 13 January 2005, 3-6pm)

Co-Chairmen's Summary of Discussions*

*The text attached will be submitted as an addendum to A/CONF.207/8

MINISTERIAL ROUND TABLE ONE

"The way forward: Mobilizing resources for the further implementation of the Barbados Programme of Action"

Thursday, 13 January 2005, 3-6pm

Co-Chairmen's Summary of Discussions

Round Table One addressed the topic of "The way forward: Mobilizing resources for the further implementation of the Barbados Programme of Action". The Panel was co-chaired by H.E. the Rt. Hon. Owen Arthur, Prime Minister of Barbados and H.E. Louis Michel, European Commissioner for Development and Humanitarian Affairs. Mr. Jose Antonio Ocampo, Under-Secretary-General for Economic and Social Affairs, United Nations moderated the discussion.

Twenty-five speakers, including Presidents, Prime Ministers, Ministers and senior officials from Governments, as well heads of agencies and organizations and representatives from civil society, participated in the Round Table discussions. Co-Chairman H.E. the Rt. Hon. Owen Arthur, Prime Minister of Barbados opened the meeting with an introductory statement and Co-Chairman H.E. Louis Michel, European Commissioner for Development and Humanitarian Affairs, made concluding remarks. The Co-Chairmen's summary will be included as part of the official report of the Mauritius International Meeting.

The Round Table dialogue focused on key policy issues and measures that are considered critical to the mobilization of resources needed for the successful implementation of the Barbados Programme of Action for the Sustainable Development of Small Island Developing States (SIDS). The Roundtable also considered other recent goals and commitments, including those contained in the Johannesburg Plan of Implementation adopted by the World Summit on Sustainable Development, the Monterrey Consensus adopted by the International Conference on Financing for Development, and the Millennium Declaration.

In general, participants were of the view that it was the primary responsibility of individual States, themselves, to implement the Barbados and other development strategies. However, the limited access of small island developing states to financial and technical resources required assistance from the international community. They noted with concern that ten years after the Barbados Conference, implementation of its commitments had fallen far short of expectations, due largely to insufficient levels of financial support. This resource gap has exacerbated the implementation gap. The ecological, economic and social vulnerabilities of SIDS and their lack of resilience to external shocks—whether caused by financial markets and globalization or by extreme weather events and natural disasters, like the recent catastrophic earthquake and tsunami in the Indian Ocean or Cyclone Heta in the Pacific and Hurricane Ivan in the Caribbean—magnified the lack

of capacity of most SIDS to mobilize the necessary funding and technical expertise required to fully implement the Programme of Action.

ODA flows to SIDS have decreased dramatically since the adoption of the BPoA in 1994, in some cases up to 50 percent. At the same time, trade by SIDS in international markets has dropped resulting in extreme losses in their export earnings. It was noted that agricultural subsidies and military expenditures of developed countries is significantly more than total ODA to all developing countries. Remittance flows from SIDS citizens abroad, though an important and growing portion of external finance to many SIDS is restricted due to immigration policies of some developed countries.

It was noted that international capital markets can be an important source of external finance, but are in many cases not effectively utilized by SIDS because of inadequate understanding of how these markets work or lack of capacity to take full advantage of such markets. In order to access these markets, SIDS countries must develop and exercise the financial discipline imposed by these markets. In this regard, it was noted that foreign direct investment (FDI) is often exclusively guided by commercial rates rather than the needs of the receiving countries. Referring to the high and increasing debt burden of many SIDS, it was suggested that debt cancellation could be a way of investing in global peace.

Trade as a longer-term and more sustainable source of resource mobilization was also highlighted. However, most SIDS are too small to be competitive in international markets and require support in enhancing their competitiveness. Moreover, their share of global trade is too small for the failure of their economies to have any significant impact on the global economic system. Due to their remoteness and small markets, many SIDS have great difficulties in attracting external financial resources, including from international financial institutions. It was urged that the rule-based multilateral trading system take into consideration the economic vulnerabilities of SIDS and increase the scope for acceptance of SIDS as a case for special treatment in the World Trade Organization and the ongoing Doha Round of international trade negotiations. It was also mentioned that graduation of SIDS from least developed country (LDC) status could lead to the erosion of market access preferences accompanying graduation, and therefore this practice should be discouraged.

Many participants addressed the need for establishing an enabling domestic environment in SIDS, including a business climate conducive to entrepreneurship and enterprise development. In most SIDS, the private sector is underdeveloped and enterprises are not competitive. It was, in particular, noted that incentives for enterprise development, including access to finance on concessional terms, are insufficient to effectively stimulate the development and growth of such enterprises. Improving access to capital and credit, in particular, development financing and market development grants for small enterprises, accompanied by appropriate laws and regulatory instruments and infrastructure, could improve this situation.

Governments have an important responsibility in assisting enterprise development and entrepreneurship, inter alia, through public and private partnerships, capacity-building and leading society into the new information age. Providing

assistance to enterprises in economic sectors where SIDS have competitive advantage such as the tourist sector and cultural industries could improve competitiveness of enterprise operations in these sectors. Funds should be made available for ecotourism and mainstreaming the informal sector into the formal economy.

Many participants highlighted the critical importance of human resources development through education, training and capacity-building. Equality between women and men in education and training must be achieved to allow equal access to employment and career development. Several participants called for the establishment of multi-disciplinary centres of excellence, including at the regional level, to take full advantage of the social capital available in SIDS. Such centres could, inter alia, maintain a database on human resources and expertise available in SIDS.

Many participants called for enhanced cooperation among SIDS to maximize and better harness scarce resources. Regional and sub-regional cooperation is essential to success in natural disaster prevention and early warning. Regional organizations should support such efforts.

Recommended actions for further consideration

To overcome the challenges inherent in mobilizing resources for the implementation of the Programme of Action, participants in the Round Table recommended that attention should be given to the following:

At the international level :

- Focus on trade as a longer-term source for resource mobilization, and assist SIDS in opening their markets while maintaining their special status;
- Examine immigration issues, which are tied to aid flows and trade, including free flows of goods and services in open markets;
- Reform the insurance sector, so it can respond effectively to the unique circumstances of SIDS following natural disasters, including new ways of underwriting catastrophic risks, particularly those experienced in SIDS;
- Focus on partnerships for sustainable development, recognizing the role of the private sector;
- Facilitate the promotion of cultural agents and their products, and ensure that SIDS countries reap the benefits of their contributions to the global cultural industry;
- Take measures to mitigate climate change, including ratification of the Kyoto Protocol;
- Meet the agreed international ODA target of 0.7% of GDP;
- Create a global trust fund for SIDS that would include private and voluntary contributions;
- Foster cooperation among SIDS countries (SIDS-SIDS cooperation) in the sharing of experiences and lessons learned;
- Consider cancellation of debt in the most heavily indebted countries.

At the regional level:

- Create regional multidisciplinary centres of excellence to provide access to capital, foster capacity building, enable technology transfer, and prevent brain drain;
- Strengthen regional efforts to coordinate financing and pool regional expertise.

At the national level:

- Focus on the development of social capital and human resources;
- Create enabling conditions which make entrepreneurship attractive and viable, including:
 - creation of sound education policy
 - provision of education and training
 - support for research
 - access to capital
 - development of sound infrastructure in sectors such as transportation and health;
- Create legal frameworks that support such enabling conditions and environments;
- Continue to develop approaches that include stakeholder consultations and support national sustainable development strategies;
- Increase political will to enable and strengthen local partnerships among communities, the private sector, and government;
- Focus on procedures to integrate, coordinate and maximize use of resources in tourism, agricultural and other service sectors;
- Revisit tax schemes, so that they foster development that sustains investment in systems that can create additional resources.