

## National Measures to Enhance Security Through Capacity-Building

11.1 The most important resource in a small state is its people. Security and development in a small state will not be possible unless particular attention is paid to human development. In the words of a recent Commonwealth Secretariat report: 'The experience of countries with limited land and natural resources, like Japan, Hong Kong, the Netherlands or Singapore, bears ample testimony to the fact that the real prerequisite for a country's economic growth and development lies in the skills, enterprise and industriousness of its population. Human resource development does not conflict with the pursuit of economic development: rather it is the key. It provides a sound foundation for an uncertain future' (*Foundation for the Future* (1993) paragraph 12).

11.2 In the context of small states, this means attention to two vital components of capital: human capital and social capital. The importance of these two forms of capital for sustainable development were touched on in Chapter 7. They are discussed here in greater detail with a focus on how they can improve the capacity of small states. Capacity-building is an essential element in all small states. Our definition of security explicitly refers to it in the context of governing, protecting, preserving and advancing the state and its people. It is therefore about good governance as set out in the Harare Declaration as well as economic and social development. In all three, most Commonwealth states have a good and improving record which is to be welcomed as a positive contribution to human security and sustainable development. At the same time, small states, almost by definition, lack 'critical mass' in many areas. This particularly applies to acquiring and developing technology suited to their needs, which is of vital importance to small states in offsetting vulnerability and exploiting economic opportunity. To do this they will need help. International support is essential to provide small states with the skills they need to survive in the modern competitive world.

### Human Capital

11.3 There is widespread agreement that 'human capital' is a critical element in the economic and social development of all societies. In essence, it refers to the 'quality' of human beings: an educated person is likely to yield social returns higher than a less educated person.

Someone who is in good health will similarly yield more than someone in poor health. Education and training are therefore the ingredients of human capital formation. Nutrition, primary healthcare, preventive medicine, clean water and adequate shelter and energy become the means of at least maintaining human capital and, ideally, of improving it. Nutritional improvement, for example, appears to be closely linked to increased life expectancy. In the same way, education, especially primary education for girls, is associated with reductions in infant mortality.

11.4 A general indicator of several basic elements of 'human capital' is given by the Physical Quality of Life Index (PQLI). This is calculated for each country, based on an average of life expectancy at age one, infant mortality and literacy rates, with 100 as the maximum possible score. Table 11.1 reports the PQLI for nearly all small developing states. It shows that most do well: 12 states have scores over 90, with the Caribbean as a region particularly well represented. Only four small states have scores below 50, all in Africa.

## Education

11.5 One way of measuring the gains from human capital formation is to measure the social rate of return to education, and this can be done by measuring the difference between before-tax earnings of educated people and less educated people, and expressing this as a return to the costs of education in terms of the costs of providing educational services and the forgone income from being in education. Estimates suggest that such rates of return are extremely high in developing countries, especially in primary education where they exceed rates of return to other forms of capital investments.

11.6 Table 11.2 shows how small states compare to larger states in improving their indicators of education. It clearly indicates that small states have fared less well than large ones in expanding the proportions of the relevant populations in education or literacy programmes. Human capital, however, cannot be said to have declined since expansion is positive in all cases except small state primary school enrolment. And here the figures can, in part, be explained by sustained high rates of enrolment over the years. In 1993 these were at or above 100% for 18 Commonwealth small states.

11.7 While primary and secondary schooling are important, tertiary education and training are needed to provide the capacity for analysis, problem solving, and management at both general and specific levels. They also generate the cadres of technicians and other para-professionals who perform important tasks in project implementation, production and maintenance. Facilities for tertiary education are rudimentary

**Table 11.1 The Physical Quality of Life Index for Small States (1993)\***

|                      | PQLI |
|----------------------|------|
| <i>Caribbean</i>     |      |
| Antigua and Barbuda  | 93.3 |
| The Bahamas          | 93.5 |
| Barbados             | 97.0 |
| Belize               | 90.5 |
| Dominica             | 93.5 |
| Grenada              | 90.2 |
| Guyana               | 84.0 |
| Jamaica              | 95.2 |
| St Kitts and Nevis   | 86.6 |
| St Lucia             | 90.8 |
| St Vincent           | 88.0 |
| Suriname             | 89.9 |
| Trinidad and Tobago  | 92.9 |
| <i>South Pacific</i> |      |
| Fiji                 | 88.4 |
| Kiribati             | 76.4 |
| Nauru                | 88.1 |
| Papua New Guinea     | 61.5 |
| Samoa                | 79.8 |
| Solomon Islands      | 89.5 |
| Tonga                | 82.6 |
| Tuvalu               | 87.1 |
| Vanuatu              | 76.2 |
| <i>Africa</i>        |      |
| Botswana             | 77.7 |
| Cape Verde           | 74.0 |
| Djibouti             | 38.2 |
| Equatorial Guinea    | 47.7 |
| Gabon                | 58.6 |
| The Gambia           | 35.7 |
| Guinea-Bissau        | 36.7 |
| Lesotho              | 68.9 |
| Namibia              | 60.4 |
| Sao Tome e Principe  | 79.7 |
| <i>Indian Ocean</i>  |      |
| Comoros              | 59.4 |
| Maldives             | 80.6 |
| Mauritius            | 88.3 |
| Seychelles           | 90.5 |
| <i>Mediterranean</i> |      |
| Cyprus               | 86.2 |
| Malta                | 92.4 |
| <i>Asia</i>          |      |
| Brunei Darussalam    | 92.8 |

\*Commonwealth countries are shown in **bold**.

Source: Commonwealth Secretariat, *Small States: Economic Review and Basic Statistics* (1996)

in some small states and in the smallest among them there is a marked dependence on foreign technical assistance to fill the higher-level positions in the public service. There is clearly a need for small states to seek ways to improve levels of enrolment in tertiary education, which exceed 10% of the relevant age group in only a handful of countries. There is also a need to make training and education relevant. The orientation to 'practical' subjects varies considerably. In the Caribbean there is increasing emphasis on applied sciences including management; but in the South Pacific, because of a lack of resources to make the necessary curriculum changes, there is still a focus on humanities. **Widening the curriculum, supporting technical training and, where possible, promoting institutions to foster R&D, should be an urgent priority for small states.**

**Table 11.2 Improvements in Human Capital 1980-1992**  
(Change in % of relevant population)

|              | Primary School | Secondary School | Adult Literacy |
|--------------|----------------|------------------|----------------|
| Small states | +0.00<br>[36]  | +0.24<br>[31]    | +0.26<br>[40]  |
| Large states | +0.10<br>[30]  | +0.92<br>[29]    | +0.43<br>[26]  |

Note: bracketed numbers refer to size of sample.

Source: calculations based on data in Commonwealth Secretariat,  
*Small States: Economic Review and Basic Statistics* (1996).

11.8 Information technology can play a major role in improving quality and expanding the range of vocational and tertiary education and training. Such technology can be of particular importance in archipelagic countries where it is not cost-effective to set up higher institutes of education in each island. Distance learning is an approach which should be encouraged and supported, where necessary, with funds and expertise from other Commonwealth states.

## Women and development

11.9 There are many reasons for focusing on the role that women play in sustainable development. Those that tend to be discussed in the literature on gender and development emphasise the vulnerability of women, their role as decision-maker within the household, their role as head of household in those societies where males migrate to urban areas to expand employment opportunities, their role as household manager, cook, child-rearer and labourer. All of these are wholly legitimate reasons for the focus on gender. While emphasis on gender

issues may be justified as a correction of the unfairness of the roles that many women play, there is an efficiency argument that emphasises the special role that women play as a means of securing sustainable development. Put simply, ignoring women, or treating them as simply one more member of the household, risks unsustainable development. For women have special stores of knowledge and special skills without which many interventions in the economic system will fail. Some important features of this gender dimension of human capital are as follows. First, women tend to be closer to many natural resources than men. They are, for example, often responsible for the collection of water and biomass energy. This closeness generates a comparative advantage in understanding how water and biomass is best sustained as a natural resource. The same closeness argument applies to food security. Second, some economies are composed of small scale units: mountain ecosystems for example. Smallness tends to result in women-led management of the unit, and the resulting specialised knowledge of the workings of those ecosystems is a resource in itself. Third, in some ecosystems, women possess different knowledge to men, yet their inferior status tends to prevent them from having these skills recognised at the professional level. There are few women foresters, for example, yet women's knowledge of forestry is different in kind to that of men. Fourth, the migration of men to cities and as nomads means that many women are the effective managers of the land.

11.10 Gender-focused sustainable development policies will tend to emphasise the definition and enforcement of female rights to the land and to resources; better access to credit; better access to extension and professional training; participation in the design of projects and policies, and in the selection of technology; and careful assessment of the effects on women of any macropolicies. **In society as a whole, affirmative action should be taken to enable women and girls to access education, markets, credit, jobs, health care, legal services, decision-making fora, shelter, good sanitation and other resources.**

11.11 It is difficult to generalise about the position of women in small states. Where figures are available, there are large variations, within as well as between regions, in a number of important indicators: total fertility rate, as measured by number of children who would be born per female; literacy rate; and participation of females in the labour force. These are reported in Table 11.3. While they demonstrate that women are disadvantaged in a general sense, and that there are some common features to regions in respect of a more advantageous position for women in the Caribbean (indicated by lower fertility rates, higher literacy and greater participation in the work force) than in Africa, these appear not to relate specifically to size but reflect the general

conditions of development obtaining in the region. In this sense, a specific programme addressing the particular position of women in small states is best carried through as part of a wider programme advancing the position of women generally.

**Table 11.3 Women in Small States: Selected Social Indicators**

|                     | Total Fertility Rate | Literacy Rate %  | Females in Labour Force % |
|---------------------|----------------------|------------------|---------------------------|
| <b>Caribbean</b>    |                      |                  |                           |
| Highest             | 4.1 (Belize)         | 98 (The Bahamas) | 49 (Grenada)              |
| Lowest              | 1.7 (Antigua)        | 87 (Jamaica)     | 25 (Guyana)               |
| <b>Pacific</b>      |                      |                  |                           |
| Highest             | 5.0 (PNG)            | 88 (Fiji)        | 54 (Kiribati)             |
| Lowest              | 2.1 (Nauru)          | 59 (PNG)         | 19 (Tonga)                |
| <b>Africa</b>       |                      |                  |                           |
| Highest             | 5.8 (Djibouti)       | 58 (Cape Verde)  | 42 (Lesotho)              |
| Lowest              | 4.2 (Cape Verde)     | 20 (The Gambia)  | 24 (Namibia)              |
| <b>Indian Ocean</b> |                      |                  |                           |
| Highest             | 6.7 (Maldives)       | 92 (Maldives)    | 42 (Seychelles)           |
| Lowest              | 2.3 (Mauritius)      | 48 (Comoros)     | 22 (Maldives)             |

Source: Commonwealth Secretariat: *Small States: Economic Review and Basic Statistics* (1996)

## Social Capital

11.12 Social capital refers to the stock of norms and values that bind a society together rather than dividing it to cause crime, family break up, civil strife and even war. Failure to understand individuals as social beings is therefore likely to threaten sustainable development as much as failing to 'get prices right' or pursuing poor structural adjustment policies. Sustainable policies must therefore involve an assessment of who the various actors are; what their stake is in one form of development rather than another; what the relationships are between these various stakeholders; what systems of resource rights (customary, communal, legal) exist; and what mechanisms exist for the voicing of concerns and views about development.

11.13 A parallel concern is expressed within the concept of human security. The idea was explored in the UN *Human Development Report* (1994) which identifies it as an all-encompassing concept including economic security, food security, health security, environmental security, personal security, community security and political security. The last

two components are particularly important for small states, given that dispute and discord can quickly spread throughout society and become magnified into major challenges to social and political order.

11.14 Exclusion from the market, society and polity breeds insecurity and conflict. **Human security requires policies of participation, empowerment and integration.**

### **Employment**

11.15 For the majority of people, the best form of market participation is through productive and remunerative work through self-employment or wage employment. This provides them with purchasing power for goods and services, a generally valued social role, and the opportunity to seek to influence decision-making in the workplace and beyond. The corollary is that unemployment contributes to poverty, social exclusion and political marginalisation.

11.16 The growth of unemployment in the developing world is therefore a worrying trend. It is particularly significant in a number of small states where employment opportunities are limited. In several of the Caribbean states, unemployment levels in excess of 20% to 30% of the work force have been common. Female unemployment rates are even higher, sometimes double the male rates. Youth unemployment has long been a factor stimulating emigration. Poverty has been on the rise in the region over the last two decades, despite the considerable economic growth witnessed nearly everywhere in the Caribbean in the 1980s, and now affects some 38% of the population. The informal sector has absorbed workers who have lost jobs in the public and private sectors, but it is characterised by low productivity, limited access to credit, low income, poor working conditions and very few benefits.

11.17 There is an **urgent need for governments to create sufficient opportunities for productive employment.** Since most opportunities are likely to be generated by the private sector, the major thrust of policy must be to create an environment in which there are incentives for private enterprise. This includes support for small-scale enterprise through fiscal incentives and reform of the credit system as well as fair and stable macroeconomic policies. Other supportive measures are encouragement of service-based employment through investment in new skills and worker retraining. Where private enterprise fails to produce sufficient jobs, it may be necessary for the state to target interventions in favour of vulnerable groups and/or provide employment through public works programmes.

## Empowerment

11.18 Empowerment of people is at the heart of human development. It involves fostering the enlargement of human capacities through promoting good health and educational opportunity; ensuring that people are able to develop and apply their knowledge and skills, and enhance their capabilities, through exercise of these attributes in work, leisure and civic settings; and creating institutional mechanisms which encourage active citizenship.

11.19 On the whole, small states provide a supportive social and institutional setting for the development of such capabilities. Small size, however, can create problems: connection rather than merit may govern recruitment to positions of authority and leadership; deference to hierarchy can discourage criticism and stifle initiative; excessive centralisation acts against devolution of authority and responsibility; and the small scale of organisations, public and private, limits career development. These constraints are recognised and inform much of the literature on public administration in small states. But there is always room for improvement, especially as government plays a large part in the delivery of services in small states. Programmes which sensitise small state administrators to issues of efficiency and accountability; and public service reforms which redress weaknesses in management arising from them, are to be encouraged. Training for administration must be provided nationally, although at a more senior level there is clearly a place for regional and international programmes.

11.20 Small states, in most part, also have a good record in providing access to the processes of government and the law; guarantees to freedom of belief, association and expression; and maintaining an open society in which rights as a citizen and employee can be asserted and defended against arbitrary practice. At the same time, small size can limit participation to the purely formal, e.g. participation in elections as a voter, but not as a politically active person outside election periods; or to excessive and multiple office holding by a few in government, civic associations and interest groups, thereby concentrating power in a small elite. Empowerment requires an active commitment by citizens to participate in government and the organisations of civil society. It mandates processes of consultation between government, community organisations, the private sector and individuals. These can help reconcile divergent interests and lend legitimacy to decisions reached, contributing to political stability and social cohesion. In all states, but especially small states, there is an **onus on government to provide the appropriate environment for active citizenship and to ensure that all groups are drawn into the conduct of public affairs.**

## Social integration

11.21 Although small states are likely to be more socially cohesive than larger ones, governments need to ensure that no group is excluded from participation in the economic and political life of the country. One of the best ways to encourage social integration is to ensure all sections of society have access to basic educational opportunities that respect diverse cultures and traditions. Other measures include protection of minority rights through law, affirmative action in favour of the most disadvantaged and marginalised, and good governance.

11.22 Social spending can add to social integration. The proportion of national income devoted to education, health and social security and welfare in several small states is relatively high. In Barbados, Malta and Mauritius it exceeds 40% of government expenditure. The fact that all three have in the past achieved strong economic growth suggests that social spending underpins economic performance. It is therefore disturbing to note that in several small states the proportion of social spending has declined in recent years.

11.23 Good governance is an essential element of successful development. As noted earlier, the record in most small states is good. However, the growth of social inequality within many countries, including small states, puts stress on the social fabric and can lead to political challenges which threaten democratic political practices. Fortunately, such incidences have been few. But there is merit in recognising the value of anticipatory or preventive action in such circumstances. There are usually early warnings of impending social deterioration, as measured in declines in the various components of human security, which could and should trigger remedial action. While this is a delicate matter, since it touches on state sovereignty, **the Commonwealth is well placed to provide practical support and advice** in such circumstances, not as a substitute for national action to prevent crisis but as a complement to it.

## Investing in Technology

11.24 Technology provides one of the means whereby the 'constant capital' rule for sustainable development could be relaxed. Improvements in technology mean that a given capital stock becomes more productive and hence capable of 'supporting' a larger level of human well-being. Technology can be used to meet various social goals: it might enable a larger population to be supported at the prevailing standard of living; it might enable a given population to enjoy a higher standard of living; or it might offset any declining productivity of extra capital stocks as capital is accumulated. One thing seems certain: without technological change, the chances of higher standards of living, whatever the population, are reduced.

11.25 The problem for small states is where does this technology come from? If small states have reasonably high incomes, it could be supposed that they should develop their own research and development programmes. But the economies of scale argument weighs against small states in this respect, as does the ease with which highly skilled individuals can migrate to those countries where financial rewards in research and development are highest. The issue of migration is especially important for small states. Migration results in increased overseas remittances, but the resulting income to the small state tends to be used for consumption goods, resulting in higher imports. The resulting increase in the small state standard of living may not therefore equal what could have been obtained had there not been out-migration, and the human resource base is depleted into the bargain. Migration also causes acute shortages in technological skills needed for development, making the country less competitive internationally; and can, when sustained over a long period in the smaller states, threaten the viability of the entire community, as the population fails to reproduce itself.

11.26 These considerations suggest that an appropriate technology policy is vital. Among its elements should be:

- associations of small states, where appropriate and geographically feasible, to overcome the economies of scale problem;
- areas for investment in new technology, targeted by diverting a proportion of government investment funds to develop that technology;
- incentives for private investment in the targeted technologies;
- an explicit policy of raising wages and salaries in the chosen sectors;
- technology trusts, using national and if possible concessional finance;
- a small states association to gather information on available technologies which will enhance the competitiveness of small states and contribute to sustainable development through biodiversity conservation and renewable energy.

11.27 Such a programme has clear 'chicken and egg' problems – some of the activities are designed to generate other parts of the package, but some small states have taken a clear lead in other areas of modern technology, e.g. in financial services. There is no persuasive reason why this example cannot be repeated for small states, other than those that are truly isolated.

## **Capacity-Building in Small States: The Commonwealth Experience**

11.28 Many small states need support to undertake activities necessary to build up human and social capital for sustainable development. The Commonwealth Secretariat has an extensive programme of support to enhance human development and capacity-building in small states. While it is only one of a number of international organisations that can provide assistance, its focus on small states has given it a particular expertise which illuminates the type of measures small states need to take and the sort of help they can expect.

11.29 Expertise and training for public servants in small states has been provided in areas such as economic research techniques, property taxation, debt management, financial management, environmental impact assessment, tourism and the sustainable development of marine resources. Workshops have been convened to assist in maritime boundary delimitation and to build the capacity of small states to implement legislation to give effect to the various environmental agreements to which they are now party. Other areas where short-term training programmes have been designed to address skill shortages include economic and financial management, human resource development, privatisation, entrepreneurship development and general management programmes, as well as long-term postgraduate training in business administration and education planning.

11.30 In its provision of expertise to implement human resource development programmes, the Secretariat's aim has been to ensure that on-the-job training of counterparts is carried out to raise local capacities and ultimately reduce the requirement for technical assistance. In education it has helped to develop resource materials on the decentralisation of education systems; published or sponsored studies on the provision, management and distinctive nature of education in small states; enhanced, through training, the capacity of education ministries to deal with the financing of education; organised a workshop on examination systems in small states; supported the professional development (through distance learning) of teachers from small remote islands; and the University of Malta's six-month diploma in Educational Planning and Management for Small States. With the close collaboration of the Commonwealth of Learning, it is providing assistance with the development of distance education in the Caribbean and the South Pacific.

11.31 Commonwealth networks to exchange information and experiences on best practices in Civil Service reform have proved to be highly effective and have involved senior officials from a spread of small states. This complements a focus on developing capacity whenever possible at regional level. The Secretariat has signed Memoranda of

Understanding with CARICOM and the South Pacific Forum and collaborative links have been established or strengthened with a variety of regional or sub-regional agencies to enhance capacity in fields such as public sector management, information technology, tourism and insurance.

11.32 Women and youth have benefited in a variety of ways. The Secretariat has assisted small states with the development of policies on women, the strengthening of national women's machineries, and the training of senior policy-makers in the integration of gender concerns in national policies and programmes. Several small states benefit from the wide range of activities of the Commonwealth Youth Programme and its Regional Centres. Assistance has been given in developing youth policies, training youth leaders and providing seed funding for small enterprises created by young people.

11.33 While these programmes and projects improve the capacity of small states to manage their own affairs, it is unlikely that individually any of them will ever have a sufficient critical mass of skills to provide the comprehensive range of services obtainable in large developed states. The need for regional and international support to provide additional resources remains essential.