

## CHAPTER 2

# Challenges Facing the Region

### Introduction

In the Auckland Declaration, Forum leaders agreed that “the serious challenges facing countries of the region warranted serious and careful examination of the pooling of scarce regional resources to strengthen national capabilities.” To face these challenges, “the key goals of the Forum are economic growth, sustainable development, good governance and security and that these goals... should be used as a springboard for stimulating debate on how to shape the region’s longer-term future.”

In light of this mandate, this chapter will analyze the performance of Forum members—the Forum Island Countries (FICs) in particular—against the four key goals of the Forum, which are expected to become pillars of the Pacific Plan (see Appendix 2). Fundamental questions will be examined.

- What has been the performance of the region—based on common definitions and indicators for each pillar?
- What has been the cost of to Forum members?
- What are the possible reasons?
- How might regionalism help?

This chapter will suggest that poor governance and low growth have imposed the largest *quantifiable* cost on the citizens of FICs, their governments, and development partners. This is not to imply that the pillars of security and sustainable development are unimportant. However, current international development *thinking*<sup>1</sup> highlights the importance of governance and growth as essential preconditions for security and sustainable development. Given the limited resources in the region, governance and

growth must be priority challenges for regionalism to address. This chapter will suggest several areas where regional bodies may have significant value-added in addressing the challenges of the region.

There is no intention here of adding to the many recent reports expressing pessimism about the economic future of the region.<sup>2</sup> However, if there are no significant challenges facing the region, or if existing national or regional capacity can deal with the challenges effectively, then there is no economic rationale for a large-scale initiative such as the Pacific Plan. Only an honest assessment of the challenges facing the region will point to areas where regional action may have beneficial impacts.

## Governance

### **Governance in the Pacific**

World Bank Institute (WBI) data summarized below in Table 2.1 show that for the 6-year data span governance in the Pacific is slightly worse, on average, than the global median for developing countries. There is significant variation in the data, however, with persistently low governance ratings (i.e. *higher* percentiles) for Papua New Guinea (PNG) and Solomon Islands. Ratings in those countries deteriorated substantially in recent years. The Fiji Islands also saw a significant deterioration (nearly 10%) in its score following the 2000 coup. Only the predominantly Micronesian states and Samoa have seen considerable (more than 5–6%) improvement in their ratings. Little data exist for Nauru, but recent (2002–2004) WBI scores for “government effectiveness” rank it between PNG and Solomon Islands. Other global surveys, such as the Transparency International Corruptions Perceptions Index (CPI), rank only PNG, but its findings are similar to the WBI data.<sup>3</sup>

A similar picture is found in a series of governance assessments by the Asian Development Bank (ADB) at both country and local level, summarized in ADB (2004). While there is no country-by-country ranking, the ADB country governance assessments found that “nearly all Pacific island countries face serious challenges in all areas of governance, and it is hard to avoid a negative tone in detailing the issues revealed or highlighted by [the assessments].”<sup>4</sup>

**Table 2.1: Forum Island Country Governance Ratings  
(percentile ranking)**

	1998	2000	2002	2004	Average 2000–2004
Fiji Islands	47	56	47	54	53
Kiribati	59	46	44	46	46
Marshall Islands	58	62	55	51	56
Micronesia, Federated States of	56	57	50	41	49
Papua New Guinea	65	67	71	76	71
Samoa	58	40	33	35	36
Solomon Islands	64	81	84	84	83
Tonga	64	60	64	58	60
Tuvalu	–	22	27	42	31
Vanuatu	57	61	58	52	57

– = not available.

Source: Sampson 2005.

## The Costs of Poor Governance

How much has poor governance cost the citizens of these countries? How much better off would they have been if there had been good governance over this period? Before assessing the potential costs of poor governance, two important considerations must be noted.

First, it is extremely difficult to know precisely when governance indicators improve or deteriorate. While extraordinary events such as coups or civil strife precipitate deteriorations in governance indicators, many times such events are the result of (sometimes hidden) buildups in poor governance stretching several years back. Comparative governance data for the Pacific are virtually nonexistent prior to 1995. Several country-specific sources, however, indicate that in a number of states—PNG, Solomon Islands, Fiji Islands, and, to a lesser degree, Vanuatu—poor governance has been endemic for a much longer period than is covered by the WBI or CPI data. Nonetheless, pinpointing exact dates or time periods is an exercise fraught with difficulty.

Second, establishing counterfactuals—economic growth in the presence of good governance—is a difficult task, especially at the country level. Ideally, a country-specific growth trend of good governance—before the deterioration in governance indicators—would be more appropriate. However, in each country discussed below (PNG, Fiji Islands, Solomon Islands, and Nauru) there was either virtually zero per capita growth since

independence (PNG, Fiji Islands, and Solomon Islands) or historical gross domestic product (GDP) data were not available (Nauru).

The estimates below are drawn from Duncan (2005), who uses a global average derived from Chauvet and Collier (2004) that estimates the impact of poor governance in developing countries by estimating the loss of economic growth associated with poor policies, institutions, and governance. Chauvet and Collier (2004) estimated that developing countries suffering poor governance (but not civil unrest) record, on average, 2.3 percentage points less gross domestic product (GDP) growth per year than other developing countries. Where possible, an additional comparator country is also discussed below.<sup>5</sup>

### **Papua New Guinea**

According to World Bank statistics, real GDP per capita in PNG was the same in 2003 as it was in 1976, the year following independence. Using the assumptions of Chauvet and Collier (2004), if PNG had not lost 2.3% of annual GDP due to poor governance, the per capita GDP in 2003 would have been United States dollars (US\$)1,773 instead of US\$881 (actual level in 2003). Thus since independence, poor governance has cost the average PNG citizen US\$12,000. For the entire population, the aggregate loss in GDP due to poor governance over the 1975–2003 period was US\$52.8 billion.

This already high figure may in fact be an underestimate, if a comparator country, such as Botswana, is considered. Like PNG, Botswana is rich in natural resources—particularly diamonds—which account for around 40% of the country's output. Botswana was a British colony that at independence in 1968 had only 12 kilometers of paved road, 22 university graduates, and 100 secondary school graduates (Acemoglu et al. 2001). Similar to PNG, land in Botswana is collectively owned. Prior to independence, Botswana had a much lower per capita GDP than PNG. Since independence, however, Botswana has experienced much faster economic growth than PNG. It is claimed that Botswana's record as the fastest growing country in the world over the past 40 years is due to good economic policies that are based on good institutions (Acemoglu et al. 2001). Over the 1970–2003 period, PNG per capita GDP growth rate (in constant 2000 US\$) averaged only 0.2%, while Botswana's averaged 6.7%. This growth rate is nearly three times the Chauvet and Collier (2004) estimate.

## Fiji Islands

Since independence, the Fiji Islands has seen a change from a negative trend (-0.3%) in per capita GDP growth in the pre-1987 period to a slightly positive trend in the post-1987 period (0.02%). This change could be explained by the fact that a period of economic reform followed the 1987 coups. However, the post-1987 period has also been characterized by continuing political uncertainty—culminating in the coup of 2000—uncertainty over access to land, and the out-migration of skilled and highly skilled labor. Thus, the beneficial effects of reforms and the adverse impacts of the coups appear to have cancelled each other out.

If we assume that there has been no growth in GDP per capita in the Fiji Islands since independence and apply the Chauvet and Collier (2004) growth rate, the gap in per capita GDP between independence and 2003 is US\$14,000. Under this assumption, estimated aggregate GDP forgone over the same period due to poor governance is US\$10.8 billion (in 1995 dollars). On the other hand, if it is assumed that there has been poor governance in the Fiji Islands only since the coups in 1987, the loss in per capita GDP over the 1987–2003 period is estimated to be US\$5,456. Aggregate GDP loss over that period is estimated at US\$4.3 billion.

Duncan (2005) uses Mauritius as a comparator for the Fiji Islands. Both are small island states with a similar mix of ethnicities and a similar history of colonial administration. At one point both countries were very heavily dependent on sugar production and exports. Strong economic policies in Mauritius, however, focused on a fairly rapid structural transformation of the primarily agricultural economy to an economy in which manufacturing and services are predominant. This contrasts with Fiji Islands' attempts at economic reform, which have had little success except for the development of tourism and the limited growth of garment manufacturing under preferential market access. Over the 1980–2003 period, per capita GDP growth in the Fiji Islands averaged 0.89%. In Mauritius, average per capita GDP growth over the same period was 4.3%. Following the approach in comparing PNG and Botswana, this implies that the Chauvet and Collier (2004) estimate is very conservative.

## Solomon Islands

There was reasonably strong growth in per capita GDP, at 2.6%, in Solomon Islands from independence in 1978 to the beginning of the civil unrest. However, on the basis of reports on economic management and corruption

in the country (in the logging industry,<sup>6</sup> for example), it appears safe to assume that the country experienced poor governance even during that time. The economy could very well have performed much better, in terms of growth. The cost of poor governance consequently has been estimated for the period 1978–2003, with adjustments for the additional adverse impact of civil unrest.<sup>7</sup> Accordingly, the total loss of per capita GDP over the period 1978–2003 due to poor governance is estimated at US\$6,960. Aggregate loss of GDP over the same period is estimated at US\$2.8 billion. This is equivalent to 11.4 times the value of Solomon Islands' GDP in 2003. The civil unrest in Solomon Islands over the period since 1997 had a dramatic impact on output and incomes. Actual per capita GDP declined from the historical high of US\$850 in 1996 to US\$534 in 2002. It is estimated that an additional US\$260 million of GDP was lost due to the civil unrest—equivalent to the value of a full year's output in recent years.

The civil unrest has also imposed significant costs on donors (hence on taxpayers in donor countries). As a lead donor in the region, Australia has taken a key role in providing aid to stabilize Solomon Islands through the Regional Assistance Mission to Solomon Islands (RAMSI). Cumulative figures for RAMSI are not yet available. However, data of the Australian Agency for International Development (AusAID)<sup>8</sup> suggests that costs to taxpayers in donor countries have been considerable. The initial budget estimate for the Solomon Islands country program for fiscal year (FY)2004 was Australian dollar (A\$)37.4 million. RAMSI was announced midyear, after initial budget estimates, and the new estimate for the Solomon Islands country program that year increased to A\$168.5 million. In FY2005, expenditures in Solomon Islands are estimated at A\$201.6 million, of which A\$92.8 million is the country program and A\$108.9 million is “estimated other official development assistance.” Apart from AusAID, other government departments (primarily defense and AFP) have borne the costs of poor governance in Solomon Islands. The estimated expenditure of other government departments of A\$79 million in FY2004 and A\$93.7 million in FY2005 does not capture additional expenditure that is not eligible to be counted as ODA.

### **Nauru**

On the basis of the income received from national trust funds, Nauruans in the 1970s were believed to have the second highest incomes in the world, after Saudi Arabia. While there are no historical GDP data available for Nauru, there has clearly been a dire economic loss suffered by this country

due to poor governance. A substantial part of this is the almost complete loss of the trust funds established from the sale of phosphate, and the lack of governance associated with the use of those trust funds. Gosarevski et al. (2004) estimated that if the trust fund monies had instead been invested with conservative commercial investment brokers, they would be valued in today's terms at around US\$10 billion. This is a measure, though indirect, of the loss suffered by Nauruans as a result of poor governance. Using a more conservative measure, if the country had invested its phosphate earnings wisely, and they were today worth US\$8 billion and earning 4–5% from interest and dividends, the present population of approximately 12,000 would have per capita income of around US\$20,000. Instead, per capita GDP is about 1/20<sup>th</sup> of that amount.

### **Causal Factors and the Value-Added of Regionalism**

Anere et al. (2001) and ADB (2004) point to a number of potential causal factors for the deterioration in governance, including

- concentration of political power in the hands of too few for too long, with competition for power provoking violence;
- strong external pressures (e.g., from governments and donors) leading to lack of commitment or ownership for major governance and reform initiatives;
- strong internal pressures to fulfill traditional obligations to kin and community over national interests, leading, for example, to politicization in public services;
- limited capacity, effectiveness, and civic education of so-called “restraining institutions,” such as churches, media, and nongovernment organizations (NGOs);
- a breakdown in linkage between policy making in capital cities and cultural and value systems prevailing in rural areas; and
- scarce technical and managerial skills coupled with largely ineffective training programs, and the widespread use of external consultants in reform programs.

It is important to note at the outset that there is no single panacea for poor governance. Nonetheless, the list of possible causal factors above suggests that regional institutions can have a strong value-added in three areas.

First, *regionalism can help overcome the capacity constraints that prevent governance institutions from functioning properly*. Many, though not all, of these capacity constraints can be linked to smallness. Horscroft (2005) notes that

...a very important scale economy that small states cannot exploit is in governance... Economies of scale in governance arise from the population-invariant minimum set of responsibilities a state has towards its citizens [as well as] from the high fixed and low marginal costs of many individual government functions.

Horscroft (2005) further notes that conventional policy models assume, without making it explicit, a minimum state size and administrative resource base that small states fall below. Thus the many officials in governance-related activities in the region often operate with resources severely overstretched relative to their responsibilities. Addressing this capacity constraint would be an important step toward improving governance outcomes in the region.

Another attraction of regional bodies is that their funding is often separated from that of national governments. This reduces the chronic cutting-off of funds of institutions, such as public accounts committees and national ombudsman offices, that try to constrain government breaches of the law. Anere et al. (2001) noted this tactic was widespread in Melanesian governments. Capacity constraints of this nature are quite separate from those associated with smallness. Funds for governance institutions are often allocated in principle, yet withheld in practice, arguably for political purposes.

Second, *regional bodies can provide adequate distance from both internal (societal) and external (donor) pressures.* An important constraint on FIC governance, inherent to many small states, is the influence of social obligations. Given the smallness of many FIC societies, it is often a challenge to find people willing to openly punish malfeasance or offer information on an official who in some cases may be a close relative or high-ranking clan member. “Whistle-blowing” may lead to recriminations, both economic (i.e., loss of job prospects in a small market) and personal. These governance obstacles are the negative side of a much more positive role that social ties play in the Pacific. Dobbell (2003) notes that the Pacific islands are “classic strong societies within weak states; the family and the village... are a social support system that impose great obligations but also provides social and emotional capital through family and extended relationships.” It is important to note that the smallness arguments regarding capacity and social obligations extend to the larger Melanesian FICs as well, even though their populations are relatively larger. Melanesian FICs contain the highest level

of ethnic and linguistic fragmentation in the region, which, as noted in the previous section, acts as a strong constraint on capacity. The large number of ethnic groups implies that social obligations are just as strong as in smaller FICs—much like several small states in one larger state.

At present many of these constraints are being addressed through donor funding and widespread use of expatriates within or supporting major governance institutions. While this strategy may have delayed the deterioration in governance in certain FICs, it may not address more fundamental issues such as ownership of reform, appropriateness of governance institutions, and the criteria by which they operate. The widespread use of donor-funded OECD expatriates of the Organisation for Economic Co-operation and development (OECD) in FIC governance institutions has undoubtedly fed the perception that governance is an issue foisted upon FICs by donors. This perception has effectively prevented many FICs from actively engaging in the governance debate and reaping the benefits of stronger institutions.

Regional institutions can provide an intermediary solution to this dilemma. By employing experts from the region, regional bodies can help overcome suspicions of bias. Perceptions that assistance being provided is without local knowledge and experience of the region's unique characteristics and processes can also be overcome. Further, regional bodies are often the only nondonor institutions in developing countries that pay salary levels between those of national governments and private sector firms. They are thus able to retain expertise and lessen the brain drain of talented public sector officials. To be effective, regional bodies will need to be close enough to the national level that their findings will be taken seriously and, where appropriate, sanctions can be enforced. On the other hand, they will need to distance themselves far enough from the national level to maintain objectivity and an adequate flow of resources disconnected from the electoral cycle. Regional bodies can arguably better tread this fine line between ensuring objectivity and preserving ownership.

Last, regionalism can help design more appropriate “Pacific-owned” governance institutions. An important finding across all four key goals of the Forum, especially in governance and the security discussion to follow, is that the lack of adaptation between customary and modern systems has been a major factor in the poor performance of the region. In some cases, insufficient institutional resources are less of a problem than inappropriate institutional design. The creation of “Pacific-owned” approaches to

governance, democracy, and oversight will likely be perceived by Pacific stakeholders as more legitimate if it is undertaken within regional institutions. Since regional bodies are uniquely able to marshal resources and retain staff within the public sector, they are highly appropriate forums for these crucial debates.

## Economic Growth

### Growth in the Pacific

Economic growth in FICs has generally been poor, averaging less than 1.5% per year from 1996 to 2001. Table 2.2 shows that many FICs have struggled to sustain an even, positive overall growth rate. Solomon Islands contracted 14% in 2000, and PNG was in recession for 4 of the 6 years shown. Even where economic growth has occurred, it has often been in fits and starts, driven by unsustainable exploitation of natural resources and one-off investment schemes.<sup>9</sup> Given that population increases in many FICs have outstripped low GDP growth rates, per capita GDP has been largely stagnant or has declined (Figure 2.1).

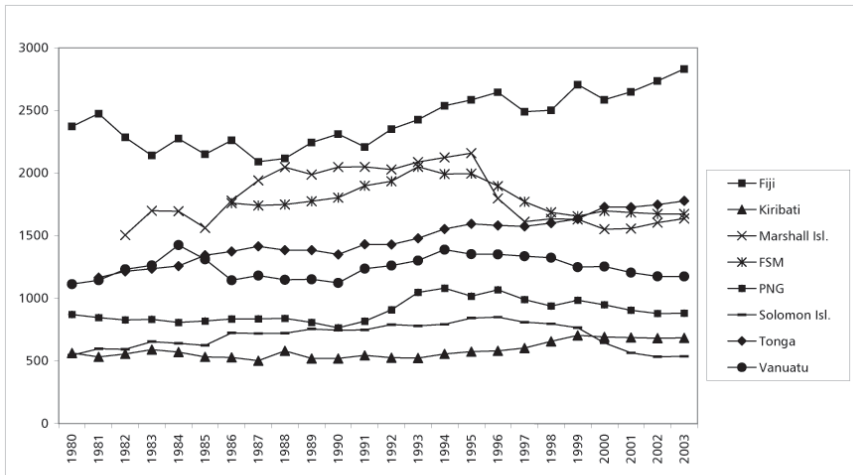
**Table 2.2: Real Growth in Gross Domestic Product in Forum Island Countries  
(% change on previous year)**

	1996	1997	1998	1999	2000	2001
Cook Islands	-0.20	-2.80	-4.20	5.80	9.80	–
Fiji Islands	3.10	-0.90	1.40	9.70	-2.80	2.60
Kiribati	3.00	5.70	5.00	6.20	0.20	–
Marshall Islands	-15.90	-9.40	1.10	0.10	-0.90	1.70
Micronesia, Federated States of	-1.80	-5.10	-2.10	0.90	2.10	1.50
Palau	7.80	0.70	-5.20	–	–	–
Papua New Guinea	7.70	-3.90	-3.80	7.60	-0.80	-2.50
Samoa	7.30	1.20	2.40	2.60	6.90	6.50
Solomon Islands	3.50	-2.30	1.10	-1.30	-14.00	-5.00
Tonga	-0.40	0.10	2.40	3.10	6.70	3.00
Tuvalu	10.30	3.50	14.90	3.00	3.00	4.00
Vanuatu	2.50	1.50	2.20	-2.50	3.70	-0.50
Average	2.24	-0.98	1.27	3.20	1.26	1.26

– = not available. Data for Nauru and Niue are unavailable.

Source: Peebles 2004.

**Figure 2.1: Per Capita Gross Domestic Product for Forum Island Country  
(constant 1995 US\$)**



Source: World Development Indicators.

This poor performance is echoed in a wide range of economic indicators discussed in Appendix 3, including fiscal weaknesses, low savings rates, high unemployment, high inflation in some FICs, and static or negative private sector performance. Appendix 3 also summarizes the consequences of this weak growth performance for FICs, in terms of poverty, inequality, and limited progress toward achieving the Millennium Development Goals.

## Causal Factors and the Value-Added of Regionalism

### Smallness and “External” Constraints on Growth<sup>10</sup>

There is strong evidence that the constraints imposed on FICs by their smallness and associated attributes—small populations, small domestic markets, remote and dispersed locations, narrow resource endowments, and frequent natural disasters—act, with governance weakness, as a constraint on growth. This conclusion counters a 2001 paper by William Easterly and Aart Kraay<sup>11</sup> of the World Bank that argued small states did not suffer from their smallness.

In order to evaluate these findings in light of the poor growth performance in the Pacific over the past decade, Sampson (2005) was commissioned for this report to reestimate the Easterly and Kraay regressions using more recent data (1995–2003) and a wider data set (197 countries and non-

sovereign states). His detailed findings and a broader discussion of the consequences of smallness may be seen in Appendix 4.

How might the supposed disadvantages of smallness have led to lower FIC growth in the past decade? One potential answer is that the costs of smallness are especially punitive for FICs, and that these costs have acted as a brake on investment, growth, and competitiveness. FICs also suffer from higher levels of remoteness than in any other region. Sampson (2005) found that remoteness had a strong and negative effect on growth.

Perhaps more importantly, like many small developing states, FICs have enjoyed preferential market access that has allowed them to overcome the cost handicaps of smallness and exploit sufficient value-added for economic activity to exist in their countries. This provides an assurance to investors that capital will earn sufficient returns in high-cost economies. In a preference-dependent economy such as the Fiji Islands, these resource rents from sugar alone total more than 50% of agricultural exports.<sup>12</sup> Since 1995, however, an ongoing process of multilateral and bilateral trade liberalization has continually eroded the value of market access in preference-receiving countries. The findings of Winters and Martins (2004) suggest that this decrease in the income transfer to small-state exporters will have a negative impact on growth given the large penalties to value-added in a competitive economy. Data for FDI suggest that the removal of preferences may have deterred investors, resulting in largely negative investment flows and low growth.

Poor governance and insecurity have undeniably lowered FIC growth. However, Sampson (2005) finds that dropping the three FICs that have experienced internal conflict since 1995 (Fiji Islands, PNG, and Solomon Islands) and reestimating the growth equations, improves the growth of the remaining Pacific countries only marginally. Overall growth is still significantly worse than that of any other region. This suggests that other factors not necessarily related to intra-FIC conflict and poor governance are constraining FIC growth.

### **State Failure and “Internal” Constraints on Growth**

Apart from the constraint of small markets, low economic growth outcomes have undoubtedly been exacerbated by state failure in FIC economies. This is most clearly evidenced by the poor performance of state-owned enterprises and the weak private sector in many FICs. Extensive state interven-

tion in areas best left to the private sector has drained public resources and stunted the growth of commercial incentives. ADB (2004) concluded that “erroneous ideas regarding what role government should play have resulted in costly state involvement that exacerbates, rather than ameliorates, problems of geographical isolation and distance.” While the lack of capacity of regulatory authorities is undoubtedly an issue, equally important is a lack of political will. In some cases conflicts of interest can block reform.

### **The Value-Added of Regionalism**

**To address external constraints on growth, regionalism can provide more lucrative economic opportunity for small economies.** FICs are facing a new economic era of global liberalization. The added penalty of smallness implies that unless FICs are able to increase their market access—particularly for factors of production for which transportation costs are generally falling, such as labor—measures such as trade facilitation and investment climate reforms may yield only limited returns.

**To address internal constraints on growth, regionalism can provide impetus to open protected markets and build market-friendly regulatory institutions.** This is not to imply that widespread deregulation is a panacea for low FIC growth. In fact, in Chapter 4 it will be suggested that the former may easily worsen the latter. In certain sectors, however, especially where production structures or changes in the marketplace mean that small state governments will be clearly unable to provide adequate services or to regulate effectively, market liberalization and a regional approach to regulation merit further study.

## Security

### **Security in the Pacific**

Several FICs have seen marked deterioration in their security environments. Some FICs have been moving closer to being “failed states,” with governments exercising less and less effective sovereignty over their national territories. In Solomon Islands, the deterioration was so severe as to warrant a regional intervention mission. The Melanesian states in particular—Fiji Islands, PNG, Solomon Islands, and Vanuatu—have all experienced considerable unrest and severe civil conflict in certain cases. This has demonstrated an indirect link between countries suffering from poor governance and those suffering from poor security. Other FICs such as Tonga and Nauru are showing signs of instability and, in the latter case, economic collapse.

Given that governance failures are often at the heart of security crises, the costs of governance (calculated in the Governance section above) can be considered analogous to the costs of insecurity. In certain cases, it is possible to isolate the additional adverse impact of civil unrest.<sup>13</sup> Duncan (2005) calculated that the unrest in Solomon Islands costs its citizens an additional US\$260 million in lost GDP.

Most non-Melanesian FICs have seen periods of relative peace. Financial security, however, has become an increasing concern. Table 2.3 summarizes the risk ratings of several FICs covered by the Export Finance and Insurance Corporation (EFIC), an Australian government agency that provides insurance to exporters and issues its own ratings scale (1 to 6, 6 denoting a higher risk). It finds that in nine FICs exporters might encounter serious to moderate repayment problems.

### **Causal Factors and the Value-Added of Regionalism**

Given the multiplicity of factors underpinning security outcomes, it is impossible to draw up a definitive list of every possible cause of the deterioration of security and stability in some FICs. However, a number of studies converge on a unique combination of factors posing a common challenge to FICs.

**A Lack of Demographic “Safety Valves.”** Duncan and Chand (2003) note that the Melanesian states of Fiji Islands, PNG, Solomon Islands, and Vanuatu—those states which have seen increasing insecurity—differ from their Polynesian and Micronesian counterparts in at least one respect. While they share low economic growth and high birth rates, they do not enjoy easy migration to high-income countries. The resulting large pools of underemployed people pose a significant security risk, as they can be easily mobilized by disaffected elites.

**Openness and Vulnerability.** Like many small states, FICs have high ratios of landmass/coastline and trade/GDP. In some small states this openness provides trade and diversification opportunities. In others, when faced with weak capacity, this openness often translates into a high degree of vulnerability to external threats, such as arms trafficking, pest invasions, and drug/human trafficking. FICs face significant obstacles patrolling and controlling maritime borders and ports of entry. This is reflected in a growing number of potentially dubious economic activities such as money

**Table 2.3: Forum Island Country Financial Risk Ratings by the Export Finance Insurance Corporation**

<b>Rating</b>	<b>Description</b>	<b>Pacific Countries and Territories</b>	<b>Other Countries</b>
6	Serious problems already occurring	<b>Solomon Islands Nauru, Marshall Islands</b>	Timor-Leste, Angola, Nigeria
5	Serious problems likely (or already occurring)		Jamaica, Indonesia, Eritrea, Guyana, Kyrgyz Republic, Lao People's Democratic Republic, Sri Lanka, Viet Nam
4	Moderate problems possible (or already occurring)	<b>Cook Islands, Federated States of Micronesia, Fiji Islands, Papua New Guinea, Tonga, Vanuatu, Samoa</b>	St. Kitts, St. Lucia, Argentina, Brazil, Croatia, Ghana, Lebanon, Namibia, South Africa
3	Minor problems possible though unlikely	<b>Tuvalu, Kiribati, Niue, Palau, Northern Marianas</b>	Barbados, Malaysia, Thailand, India, People's Republic of China, Egypt
2	Very minor problems possible though unlikely	Tahiti, New Caledonia	Bahamas; Mauritius; Hong Kong, China; Republic of Korea; Taipei, China
1	Payment problems unlikely	American Samoa, Guam, Wallis and Futuna	Australia, France, Germany, Japan, New Zealand, United Kingdom, United States

1 = low risk, 6 = high risk.

Source: Export Finance Insurance Corporation Ratings as of 13 January 2003, from Pacific Islands Forum Secretariat 2003.

havens, sex phone lines, Internet gambling, selling of spurious citizenships, flags of convenience, and video and CD piracy.<sup>14</sup>

**Weak Capacity of Law Enforcement.** In many FICs facing security problems, there is a general lack of trust in law enforcement institutions. In some countries these agencies suffer from limited training, low capacity to deal with sophisticated high-technology crimes, and deliver limited services to rural areas. The low salaries of police officers and poor governance at high levels of law and order institutions have fed corruption and abuses of law in some FICs to the point where police and military forces have in some cases been the direct cause of insecurity—either through abuse of power, selling weapons, or using extensive brutality.<sup>15</sup>

**Ethnic and Social Tensions.** Anere et al. (2001) make two important observations about the Pacific. First, arguably no other region in the world has such extreme cultural diversity. Less than 6 million people are divided among over 1,000 different language groups and at least as many cultural groups. Second, ethnic classification, like most social classification, changes with circumstances. Various ethnicities will come together in the face of a common threat, but when the threat subsides, each side is likely to fragment into its component parts. Like many other multiethnic societies, some FICs have suffered from protracted political opportunism, where domestic elites leverage ethnic and social differences to achieve political power or economic gain.

**Land Disputes.** Growing FIC populations have intensified pressures on land, leading to conflict among groups competing for an increasingly scarce resource. This has led to exploitation of increasingly marginal land, further reducing productivity in the subsistence sector. Many FICs have yet to develop systems to deal with land issues. This is once again an issue not necessarily linked to smallness, and thus very much within the resources of FIC governments. Anere et al. (2001) note that even land transferred between indigenous communities hundreds of years ago remains in dispute. Arrangements are not precise, are usually verbal, and misunderstandings are frequent. Previous attempts to register land have been highly contested and incomplete.

### **The Value-Added of Regionalism**

Regionalism can have a strong value-added in security in three ways. First, *regionalism can provide safety valves for booming populations*. Experience has

shown that FICs with labor market access to Forum OECD members have experienced much less insecurity than other FICs. There are multiple issues on both sides that need to be addressed (these will be explored in Chapter 4). However, the need for demographic relief in some FICs is undeniable.

The second and third elements largely echo the governance arguments presented earlier. *Regional bodies can provide crucial capacity and training to FICs, especially in law enforcement agencies, which are the most visible manifestation of security, or lack thereof.* While regional institutions cannot change the basic geographic reality of strong external influence in FICs, pooling resources can help reduce vulnerability. Finally, *regional bodies can help mediate in conflicts and formulate appropriate solutions.* The experience of RAMSI has shown that regional approaches to security crises, rather than a purely bilateral one, can yield large benefits and increase the legitimacy of external interventions. Much like governance institutions, regional security institutions are often seen as more honest brokers for sensitive issues—such as land disputes and interethnic conflict—than external or domestic bodies.

## Sustainable Development

### **Human Development in the Pacific**

#### Composite Measures

Of all four Pacific Plan pillars, sustainable development is arguably the most fluid and all encompassing, with over 100 definitions to date.<sup>16</sup> The idea of sustainable development has broadened considerably from addressing mainly environmental issues to more recent formulations that address the interrelation between economic, social, and environmental goals. To avoid overlap with the other key goal areas of the Forum discussed in this chapter, this section will define suitable development as comprising

- environmental sustainability, including climate change, natural disasters, and natural resource management; and
- human development, including health, education, gender, and culture.

Cross-country data from the United Nations Development Programme (UNDP) suggest that most FICs have struggled to achieve a sustainable level of human development. Of the 175 countries surveyed by UNDP, Table 2.4 shows that only Palau, Cook Islands, and Niue have achieved median or above-median rankings. Three of the largest FICs (Vanuatu,

Solomon Islands, and PNG) are ranked toward the bottom of the scale. The average ranking is 110 out of 175.

### Health<sup>17</sup>

Health indicators vary considerably across the Pacific, reflecting regional variations in development levels among Polynesia, Micronesia, and Melanesia. The health challenges of the Pacific can be generally divided into communicable/infectious diseases and non-communicable/lifestyle-related diseases. Throughout most of Melanesia and in parts of Micronesia people continue to suffer from infectious diseases usually associated with fast growing, low-income countries. FICs have thus far avoided, however, the worst effects of the global resurgence of previously dormant diseases such as malaria, measles, and tuberculosis. Nonetheless, PNG has seen several recent malaria epidemics with hundreds of deaths, and Vanuatu and Solomon Islands remain high-risk countries for malaria. UNDP (1999) found that influenza epidemics had severe impacts on productivity and on health expenditure, especially in 1996 (New Caledonia, Australia, New Zealand), in 1997 (Fiji Islands, Niue, PNG), and in 1998 (PNG).

**Table 2.4: 1999 Human Development Index (HDI)—Forum Island Country Rankings**

	Adult Literacy (%)	Combined Gross Enrollment	Life Expectancy at Birth (%)	GDP per Capita (US\$)	HDI	Global HDI Rank
Palau	91.4	83.4	69.0	8,027	0.861	46
Cook Islands	93.2	84.8	72.0	4,947	0.822	62
Niue	97.0	83.6	74.0	3,714	0.774	70
Fiji Islands	92.9	81.3	66.5	2,684	0.667	101
Nauru	95.0	79.5	58.2	3,450	0.663	103
Tonga	99.0	83.3	68.0	1,868	0.647	107
Samoa	95.7	85.7	66.6	1,060	0.590	117
Tuvalu	95.0	74.0	67.0	1,157	0.583	118
Micronesia, Federated States of	71.3	71.4	65.7	2,070	0.569	120
Marshall Islands	74.4	71.7	65.0	1,182	0.563	121
Kiribati	92.2	67.8	61.6	702	0.515	129
Vanuatu	33.5	57.4	65.8	1,231	0.425	140
Solomon Islands	30.3	34.7	64.7	926	0.371	147
Papua New Guinea	28.2	28.6	54.0	1,196	0.314	164

GDP = gross domestic product.

Source: United Nations Development Programme 1999.

Perhaps the most worrying increase in infection rates is in sexually transmitted diseases, especially HIV/AIDS. There have been significant increases in HIV cases throughout the region, and in PNG in particular, where the disease is reaching an epidemic “takeoff” point. A recent AusAID study<sup>18</sup> found that estimates of infection rates ranged between 6,000 and 20,000 people, and surveillance updates showed a 48% increase in just 1 year. AIDS is already the major cause of death at Port Moresby General Hospital.<sup>19</sup> A general equilibrium scenario estimated that in a high-case scenario, PNG could lose up to 40% of its labor force and 8% of its GDP.

For most FICs, however, noncommunicable and lifestyle-related diseases remain the biggest health challenge. High rates of diabetes, hypertension, and heart disease—associated with diet and lifestyle, together with cancer, asthma, other chronic obstructive respiratory diseases—have become leading health problems. Type II diabetes has doubled in the region since the 1970s, and the prevalence of obesity is the highest in the world. The diabetes rate in the Marshall Islands is 50% of the population over the age of 50.<sup>20</sup> The case of the Fiji Islands, summarized below from UNDP (1999), provides a sobering warning that is increasingly echoed across the Pacific.

Some non-communicable diseases have reached epidemic levels in some countries, including diabetes; in Fiji, diabetes cases occupy 15–20 per cent of all hospital beds. Hypertension and other circulatory diseases are also on the fast rise, fuelled by diets high in fats and sugar. Other than its related illnesses, alcohol abuse figures in the number of deaths from accidents and violence. Improved health services and environmental health may therefore improve child survival but not overall life expectancy if more otherwise healthy adults succumb to lifestyle diseases in middle age or die as a result of unhealthy eating, drugs, alcohol, or bad driving.

## Education

Trends in education indicators are mixed.<sup>21</sup> Reported rates of net primary school enrollment for FICs are well in excess of the average figure for developing countries. Rates do vary significantly, however, with a low of 56%. However, there are significant weaknesses in both the quality of education (low basic numeracy and literacy rates) and the duration of education (high rates of dropout and repeaters). South Pacific Commission (2004), summarizing the results of a Pacific Islands Literacy Test conducted in 11 FICs, found that proxy measures, such as completion of primary school for literacy

...suggest that eight PICs have achieved literacy rates of 90% or higher between 1990 and the present. More direct measurements of literacy have returned significantly different results, and these suggest that there is a high level of “hidden illiteracy” resulting in a significant proportion of children completing school but still lacking basic literacy skills.

It is worth noting that education services suffer acutely from the dispersion and isolation of FICs. The example of the Cook Islands is given in UNDP (1999), which noted that if the entire Cook Islands’ population lived together, the country would need only one or two middle-sized primary schools and one large college. Instead, to service the many, widely scattered islands, the country has 19 primary schools, 9 colleges, and 6 high schools, with obvious implications for the cost-effectiveness of the education system.

Beyond basic skills, there appears to be a shortfall in many FICs between skills provided to school-leavers and those required by the labor market. UNDP (1999) found that many school-leavers found they had inadequate or inappropriate skills for the few wage jobs that were available, for agricultural work, or for other types of livelihood.<sup>22</sup> Most lack opportunities to upgrade their skills because too few nonformal training programs are available. A large proportion of dropouts cite financial constraints as the main reason for noncompletion of school, illustrating the interplay between low economic growth, low skills training, and gaps in the labor market.

A growing challenge for FICs is providing nonformal education alternatives, such as vocational and technical training. These alternative facilities are often few and far between, and their output is not adequate to address either the needs of school-leavers or the demands of the labor market.<sup>23</sup>

### **Social Equality**

A similarly mixed picture among FICs is found for gender equality. In education outcomes, data from the Secretariat of the Pacific Community (SPC) (2004) indicate that the ratio of girls to boys in primary school is currently above 80 per 100 in all PICs for which data are available. The ratio reaches 90 or above in nine PICs. Similarly positive trends are found for tertiary education, with increasing female-to-male ratios at University of South Pacific campuses. Low ratios persist, however, in tertiary and secondary schools in PNG and Solomon Islands.

Economic and employment outcomes, on the other hand, are somewhat correlated with overall levels of development, but escape easy classification. Table 2.5 shows countries with high percentages of women in paid employment can exhibit vast differences in percentages of women in administrative and managerial positions. The differences between Kiribati and Nauru in these two categories are 5% and 60%, respectively. Nonetheless, evidence suggests that discrimination against women in employment is widespread, as shown by case studies of the Fiji Islands in UNDP (1999), and the low average share of women in nonagricultural sector employment (36% in 2000).

## Environmental Sustainability

### Climate Change and Natural Disasters

FICs face potentially large and negative economic impacts from climate change. A joint report from the South Pacific Regional Environmental Programme in collaboration with the Global Environment Bureau of the Japanese Ministry of the Environment<sup>24</sup> found that many FICs are already

**Table 2.5: Employment Status of Women in Forum Island Countries**

	Women as % of overall population	Women as % of econo- mically active population	Women as % of people in paid employ- ment	Women members of parlia- ment	Women as % of adminis- trative and managerial positions	Women as % of profes- sional and technical jobs
Cook Islands	48.5	52	42	1	32	47
Fiji Islands	49.2	33	24	8	10	37
FSM	49.0	35	32	0	15	32
Kiribati	50.5	43	46	0	9	42
Marshall Islands	48.8	27	22	7	32	
Nauru	48.8	41	41	0	69	58
Niue	49.5	44	41	1	32	45
Palau	46.5	39	38	0	24	24
PNG	47.2	42	18	2	12	30
Samoa	47.6	46	19	2	12	47
Solomon Islands	48.1	49	48	1	27	27
Tonga	50.2	51	21	0	19	44
Tuvalu	51.5	33	38	0	16	46
Vanuatu	48.5	49	46	0	13	35

FSM = Federated States of Micronesia, PNG = Papua New Guinea.  
Source: United Nations Development Programme 1999.

experiencing disruptive changes consistent with many of the anticipated consequences of global climate change. These include extensive coastal erosion, droughts, coral bleaching, more widespread and frequent occurrence of mosquito-borne diseases, and higher sea levels that make some soils too saline for cultivation of traditional crops. More worryingly, the report found that while many countries were developing adaptive mechanisms to deal with these changes, anticipated future trends implied that FICs would become increasingly vulnerable to food insecurity and reliance on imported food.

FICs are particularly at risk from natural disasters, varying according to their particular geography (Table 2.6). Contrary to assertions made in the small states debate that natural disasters do not have a significant economic impact, impacts of natural disasters on Pacific island economies are evident from property losses and macroeconomic indicators such as GDP growth patterns. UNDP (1999) found that for several years after Cyclone Uma in 1987, for example, Vanuatu had a real growth rate of -9%. In Samoa, cyclones Ofa (1990) and Val (1992) caused real growth rates to drop to -7.5%, -27.9%, and -4.3% in 1990, 1991, and 1992, respectively. Similarly, substantial declines in GDP growth in the Fiji Islands have followed severe natural disasters.

**Table 2.6: Forum Island Country Vulnerability to Natural Disasters**

Country	Cyclone	River		Earth-		Coastal	
		Flood	Tsunami	quake	Landslide Drought		Flooding
Cook Islands	M	M	M	L	L	H	M
Fiji Islands	H	H	H	M	H	H	H
Kiribati	L	-	L	L	-	H	H
Marshall Islands	M	-	L	L	L	M	H
Micronesia, Federated States of	M	L	H	L	H	H	H
Niue	M	-	L	M	L	H	L
Palau	M	-	H	L	-	M	H
PNG	L	H	H	H	H	M	H
Solomon Islands	M	H	H	H	H	L	H
Tonga	H	M	H	M	L	H	M
Tuvalu	M	-	-	L	-	H	H
Vanuatu	H	H	H	H	H	M	H
Samoa	M	H	H	M	H	L	H

FSM = Federated States of Micronesia, PNG = Papua New Guinea.

Risk Ranking: L = Low, M = Medium, H = High, - not relevant.

Source: United Nations Development Programme 1999.

## Management of Waste and Natural Resources<sup>25</sup>

Waste management and pollution are widely recognized as major sustainable development challenges facing the Pacific. The rising volumes of solid, hazardous, and toxic waste in the region are putting increasing strain on the limited land area and often-inadequate mechanisms and technologies available for their safe disposal. Although these issues are felt most acutely in the lower-lying atolls of Polynesia and Micronesia, there is evidence that even larger Melanesian countries are beginning to feel the impact of poor waste management. Recycling initiatives have been hampered by financial constraints and lack of awareness. Solid waste runoff is increasingly threatening freshwater sources lying under some FICs, causing a direct health threat to drinking water supplies.

Given the abundance of marine, agriculture, forestry, and mineral resources found in the region and the limited capacity of FIC governments, effective natural resource management has been an ongoing struggle for many FICs. Regional organizations such as the Pacific Regional Environment Programme and the Forum Fisheries Agency have been actively involved in promoting natural resource management and harmonization of national-level practices with the many international objectives and conventions relating to the environment. Despite these efforts it is clear that in many FICs resources have not been exploited at a sustainable rate. Concerns relate to the following.

- **Coastal and Marine Resources:** FICs have seen declining fisheries productivity from overharvesting, reduced access of traditional users to fishing grounds, and increasing environmental damage due to shoreline development.
- **Freshwater Resources:** Poor solid waste management and poor data and knowledge of groundwater systems have resulted in serious problems in maintaining and monitoring water supply quality.
- **Forestry:** Increasing population pressures, unsustainable logging practices, and inefficient processing of forest and tree resources have resulted in widespread depletion of timber and forest stocks. Corruption is a concern in the forestry sectors of some FICs. A report by the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP)<sup>26</sup> found that licenses have been granted to harvest up to 97% of the existing rainforest in Solomon Islands. The same report found that villagers living near unsustainably exploited forests suffered from pollution of drinking and bathing water.

- **Mineral Resources:** PNG, Fiji Islands, and Solomon Islands contain world-class mineral deposits, which contribute significant levels of export earnings—32% of total earnings for PNG (1997), 30% in the Solomon Islands (1998), and 9% in Fiji (1998). However, mining operations, such as Bougainville in PNG, have been the subject of concerns over both environmental degradation and social conflict.

Developments in the forestry and mining sectors suggest that FICs, particularly those in Melanesia, are prone to the so-called “resource curse,” in which abundant natural resource revenues fail to contribute to broad-based economic growth.

### **Causal Factors and Value-Added of Regionalism**

There is a significant lack of analytical tools available to assess cause-and-effect issues related to sustainable development. This is due not only to definitional problems, but also because causal mechanisms underlying many specific sustainable development issues—gender, health, youth, poverty, inequality—are still very poorly understood. For the Pacific in particular, the lack of analysis greatly complicates any attempt to formulate effective policy proposals or to assess the full cost of unsustainable development.

This caveat aside, one common thread emerges from the analysis: capacity constraints limit the ability of FICs to respond to sustainable development challenges appropriately, suggesting a strong value-added for regional bodies. Many FICs simply lack the resources to handle the multiplicity of external threats, such as communicable diseases and natural disasters, on their own. Strengthening regional systems to handle these threats, many of which are common throughout the region, can yield benefits for FICs.

For some “internal” threats, such as unsustainable resource management, governance constraints play a clear role. For example, FIC bodies dealing with resource management often suffer from chronic institutional weakness. Providing these institutions with skilled expertise—free from political interference—and institutional objectivity will not solve governance weaknesses, but it can provide transparency and adoption of more appropriate policies. Regional bodies are ideally placed to play a role in such assistance. For literacy and noncommunicable diseases, where governance considerations do not weigh heavily, regional institutions can provide crucial capacity and intercountry networks that national governments would be unable to provide.

## Summary: The Erosion of Effective Sovereignty in the Pacific

### **Falling Short of the Leaders' Vision**

Chapter 2 has attempted to document, as far as data constraints allow, the serious challenges facing the Pacific region. Using the four pillars of the Pacific Plan as a guide, it was found that FICs face relatively low levels of governance, low economic growth, growing insecurity, and a lack of sustainable development. Data suggest that shortfalls in the four pillars are not exclusively a Melanesian problem, as some media reports have suggested. It is clear that in many FICs, the Forum Leaders' Vision of a "region of peace, harmony, security and economic prosperity" is an increasingly unlikely scenario, even in the longer term.

Faced with an increasingly complex array of external and internal challenges, and with policy and capacity constraints in a globalizing world, FIC governments are experiencing difficulties in meeting their two essential sovereign functions:

- Formulating and enforcing effective, appropriate national policies; and
- providing essential services such as health, education, and policing.

In a growing number of sectors, from education to law and order, the ability of many FIC governments to execute both functions is diminishing. Effective sovereignty—the ability of FIC governments and citizens to effectively carry out policies they themselves have chosen—is diminishing, even while nominal sovereignty remains intact.

It is suggested that poor governance and low growth have imposed the largest quantifiable cost on FIC citizens, governments, and development partners. Unless steps are taken in FICs to strengthen the legitimacy and effectiveness of public institutions and generate resources for development, it is difficult to see how security and sustainable development are achievable goals. This is not to suggest that the latter two pillars are unimportant, merely that governance and growth are essential preconditions for security and sustainable development. Given the limited resources in the region, governance and growth must be priority challenges for regionalism to address.

## A Rationale for Regionalism

It was found in Chapter 2 that some of the challenges facing the region can be linked to smallness and the capacity constraints facing FIC governments. In other cases, the lack of objectivity and appropriateness of institutions has made them easy to capture by domestic (and foreign) elites, eroding political will for beneficial change. This suggests that regionalism can play a key role in several respects, such as

- overcoming capacity constraints;
- providing adequate distance from both internal (societal) and external (donor) pressures;
- providing more legitimate forums for the design of appropriate, “Pacific-owned” institutions;
- providing demographic “safety valves” and more lucrative economic opportunity for small markets; and
- mediating in regional crises and conflicts.

This analysis, while potentially useful, still leaves many questions unanswered. Out of the countless areas in which regional action potentially could be undertaken, what sort of interventions should be undertaken? In precisely what areas and in what time frame? The following chapters attempt to answer these questions.

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### ENDNOTES

- 1 World Bank. 2004. *Development Report*. Washington DC: World Bank; and World Bank. 2003. *Development Report*. Washington DC: World Bank.
- 2 Cole, R.V., ed. *Pacific 2010: Challenging the Future*. National Centre for Development Studies. Canberra: Australia National University.
- 3 Based on four surveys, Papua New Guinea (PNG) scores 2.6 out of 10 (a higher score denotes less perceived corruption), and is ranked 102 out of 146 countries surveyed (1 is least corruption).
- 4 Asian Development Bank 2004. The assessments covered Fiji Islands, Federated States of Micronesia, PNG, Samoa, Tonga, and Vanuatu (country level), and Fiji Islands, Kiribati, Solomon Islands, and Vanuatu (community/local level).
- 5 Note: all figures discussed in the following section are in constant 1995 US dollars unless otherwise indicated.
- 6 Hunt, C. 1998. *Pacific Development Sustained: Policies for Pacific Environments*. Pacific Policy Paper 32, Australian National University. Canberra: Asia-Pacific Press.
- 7 From their cross-country analysis, Chauvet and Collier estimate that civil unrest costs an economy an additional 3.8% of gross domestic product output for each year of the unrest. Therefore, in estimating the costs of poor governance in Solomon Islands for the period 1978–2003, an additional 3.8% was added to the per capita gross domestic product (GDP) for each year from 1997 to 2002. See Duncan (2005) for further details.
- 8 Australian Agency for International Development (AusAID). 2005. *Official Expenditures at the Activity Level*. Canberra: AusAID.
- 9 Peebles 2004.

- 10 This section draws heavily from Sampson (2005).
- 11 Easterly, W., and A. Kraay. 2001. Small States, Small Problems? Income, Growth and Volatility in Small States. In *Small States in the Global Economy*. Edited by D. Peretz, R. Faruqi, and E. J. Kisanga. London: Commonwealth Secretariat.
- 12 Grynberg, R., S. Silva and J.Y. Remy. 2004. Plurilateral Financial Standards and Their Regulation at the WTO—The Experience of Small Developing States. *Journal of World Investment and Trade* 5:3 (June).
- 13 From their cross-country analysis, Chauvet and Collier estimate that civil unrest costs an economy an additional 3.8% of GDP output for each year of the unrest.
- 14 Anere et al. 2001.
- 15 Pacific Islands Forum Secretariat 2001.
- 16 For a partial listing, see <http://www.gdrc.org/sustdev/definitions.html>.
- 17 This section summarizes the findings of United Nations Development Programme (UNDP) (1999).
- 18 Australian Agency for International Development (AusAID). 2002. *Potential Economic Impacts of an HIV/AIDS Epidemic in Papua New Guinea*. Canberra: AusAID.
- 19 See Panagelian, Lourdes. 2004. New Momentum in the Fight Against HIV/AIDS. *Pacific Magazine* (July). Available: <http://www.pacificislands.cc/pm72004/pmdefault.php?urlarticleid=0020>.
- 20 Whitney, Scott. 2003. Prognosis: Guarded: Pacific Governments are Grappling with Health Threats. *Pacific Magazine* (July). Available: <http://www.pacificislands.cc/pm72003/pmdefault.php?urlarticleid=0009>.
- 21 This section draws heavily on Secretariat of the Pacific Community (SPC) (2004).
- 22 In Solomon Islands in 1996, for example, an estimated 10,000 primary and secondary school leavers were looking for jobs, but for every available wage job at least 10 people were unemployed (UNDP 1999).
- 23 A survey in the Fiji Islands, summarized in UNDP (1999), found that of eight major non-formal vocational programs, 10,950 applications were received in 1998 for a total of only 4,850 available places. Similarly low capacity and student numbers were found in rural training centers in PNG (11,200), Solomon Islands (1,900), and Vanuatu (300).
- 24 South Pacific Regional Environmental Programme 2003.
- 25 This section draws from Barbados Programme of Action. 2003. A Synopsis of Sustainable Development in PICs: The Pacific Regional Assessment and Position for BPOA+10. Version 9<sup>th</sup>, December. Mimeo.
- 26 United Nations Economic and Social Commission for Asia and the Pacific. 2000. *Review of the State of the Environment of the Pacific Islands*. Available: <http://www.unescap.org/mced2000/pacific/SoE-pacific.htm>.