A. Subsector Performance, Problems, and Opportunities

1. Regional context. To foster inclusive growth and sustainable development across Pacific island countries (PICs), their economies need to become more competitive and diversified. To drive this process, regional and national development strategies in the Pacific have identified human resource and skills development as essential requirements. Higher education plays a key role in developing qualified professionals capable of adopting new technologies and innovative methods, and of managing resources and organizations effectively and efficiently. Research capacity is also critical for addressing common regional challenges such as climate change.

2. Overview. Higher education in the Pacific, however, remains very limited in terms of both access and quality. Notwithstanding enrollment data limitations, the gross enrolment ratio in higher education is estimated to range from 10% in Fiji to an average of 2%–5% in most other PICs. Higher education programs are offered by universities and technical colleges. While there are a number of registered higher education institutions, only a few colleges or universities offer internationally recognized qualifications. Given the limited availability of higher education programs in PICs, young people in most PICs attend overseas institutions, e.g., in Australia or New Zealand, or attend the regional university, The University of the South Pacific (USP). As of 2011, approximately 22,000 students were enrolled in USP.

3. Regional commitment to higher education. The Pacific Plan—a regional development strategy adopted by Pacific Islands Forum countries in 2005—promotes regional cooperation to raise living standards, increase access to employment opportunities, and stimulate growth for the Pacific countries. To these ends, the Plan emphasizes the improvement of education and training as critical requirements, including the need to increase access to quality higher education. Given the demography of the Pacific region, where more than half of the region’s population is under the age of 25, increased provision of higher education is especially important. Among the PICs, Fiji, Kiribati, Solomon Islands, and Vanuatu have the highest number in the 17–22 year-old age group.

4. Financing of higher education. Small Pacific states have difficulty financing higher education through their budgets. Their economies are vulnerable to single-commodity price fluctuations and global financial crises. In countries that have yet to achieve universal basic education, the budget allocation needs to prioritize basic education, leaving a relatively smaller share for higher education. In many PICs, the budget allocations for higher education mostly comprise their contribution to USP. Countries that have achieved universal primary education could allocate a larger share of their education budget to higher education, but the share varies across countries (Figure 1). In Samoa and Tuvalu where at least 98% of each age cohort completes primary school, about 5% of public education resources are allocated to higher education. Fiji allocates more than 11% of the education budget to higher education (the primary education completion rate is 86%).

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1 The University of the South Pacific estimates, Fiji. 2010.
5. **Access and equity.** While all PICs offer some form of higher education and training program, students tend to prefer to attend either the USP Laucala main campus in Fiji or overseas programs for more advanced studies. Most PIC governments offer a limited number of scholarships to support students to attend the local or regional campuses of USP. The numbers are usually determined annually as part of the budget process. On average, only the top 5% of high school graduates have access to scholarships. Australia and New Zealand are the major providers of scholarships through various aid programs. The scholarships support students to undertake studies at tertiary institutions within the region or in Australia or New Zealand. Recipients are expected to return to their home countries for 2 years following the completion of their scholarship to seek local employment for the betterment of their countries.

B. **The University of the South Pacific**

6. USP is a regional university, playing an important role in providing higher education programs in the Pacific region. It was established in 1968 as a regional institution to serve the higher education and development needs of its 12 member countries: Cook Islands, Fiji, Kiribati, Marshall Islands, Nauru, Niue, Samoa, Solomon Islands, Tokelau, Tonga, Tuvalu, and Vanuatu. USP’s regional characteristic is demonstrated by the spread of its 14 campuses in the 12 member countries, its student composition, governance, and approaches to education. Its main campus, located in Suva, Fiji (Laucala campus), has served as USP’s headquarters since its establishment. The main campus also hosts the recently established Japan-Pacific Information and Communications Technology (ICT) Center, which will coordinate and broadcast ICT-based distance and flexible learning (DFL) programs across regional campuses. Currently, about 40% of USP students study through DFL programs, mostly satellite-based. Reliable ICT connectivity is an essential prerequisite to increasing the delivery of a variety of USP academic programs across its member countries.

7. **Enrollment.** In 2010, USP enrollment in all campuses totaled more than 20,000 (Table 1). Enrollment increased by 10% from 2010 to 2011 and is expected to increase by 16% from
2011 to 2012. Of the 12 member countries, students from Solomon Islands and Vanuatu constitute the second largest share of USP students, next to those from Fiji, and students from Kiribati and Tonga make up the next largest groups.

<table>
<thead>
<tr>
<th>Campus</th>
<th>2010 Total</th>
<th>Female (%)</th>
<th>2011 Total</th>
<th>Female (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cook Islands</td>
<td>346</td>
<td>71.7</td>
<td>250</td>
<td>70.0</td>
</tr>
<tr>
<td>Fiji</td>
<td>13,051</td>
<td>56.0</td>
<td>13,662</td>
<td>56.8</td>
</tr>
<tr>
<td>Kiribati</td>
<td>671</td>
<td>62.1</td>
<td>861</td>
<td>56.4</td>
</tr>
<tr>
<td>Marshall Islands</td>
<td>184</td>
<td>59.8</td>
<td>196</td>
<td>45.4</td>
</tr>
<tr>
<td>Nauru</td>
<td>112</td>
<td>81.3</td>
<td>102</td>
<td>67.6</td>
</tr>
<tr>
<td>Niue</td>
<td>61</td>
<td>65.6</td>
<td>57</td>
<td>73.7</td>
</tr>
<tr>
<td>Samoa</td>
<td>364</td>
<td>55.8</td>
<td>443</td>
<td>56.4</td>
</tr>
<tr>
<td>Solomon Islands</td>
<td>2,252</td>
<td>38.6</td>
<td>2,580</td>
<td>39.1</td>
</tr>
<tr>
<td>Tokelau</td>
<td>58</td>
<td>82.8</td>
<td>79</td>
<td>74.7</td>
</tr>
<tr>
<td>Tonga</td>
<td>717</td>
<td>62.9</td>
<td>933</td>
<td>62.9</td>
</tr>
<tr>
<td>Tuvalu</td>
<td>335</td>
<td>66.9</td>
<td>318</td>
<td>61.0</td>
</tr>
<tr>
<td>Vanuatu</td>
<td>2,380</td>
<td>46.3</td>
<td>2,694</td>
<td>48.6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>20,531</strong></td>
<td><strong>54.1</strong></td>
<td><strong>22,175</strong></td>
<td><strong>54.20</strong></td>
</tr>
</tbody>
</table>

USP = The University of the South Pacific.
Source: USP enrollment statistics from USP Student Dashboard.

8. **Gender balance.** The total number of female students exceeds the number of male students at USP, with the overall female percentage standing at 54%. This applies to most member countries, except for Solomon Islands and Vanuatu where female students account for less than 40% and 50% of the overall enrollment, respectively, in 2010-2011. The gender disparity in Solomon Islands and Vanuatu reflects continuing gender gaps in secondary education, although steady progress has been made at lower levels of education. Despite the larger number of female students at USP, gender segregation is noticeable in the choice of field of study: a disproportionate number of women are still found in traditional “female” subjects such as education and health care, while their numbers are still low in science and technology courses.

9. **University management.** USP governance and management capacity are well developed in the areas of autonomy, accountability, quality assurance, and accreditation systems. USP is governed by a council comprising representatives from the member countries and selected faculty members. The council ensures transparency of governance and a feeling of joint ownership. It is currently chaired by Samoa and includes 35 members. USP management, information, and finance systems are centralized and generally function well. Improved coordination and consistency across the region are expected through improved ICT connectivity.

10. **Program relevance and competitiveness.** Significant imbalances exist in general between the demand for and supply of higher education graduates in the Pacific region. There is a shortage of well-qualified professional and technical personnel such as administrators, accountants, lawyers, and engineers in both the public and private sectors. The higher education institutions have not been producing graduates with relevant skills and competencies required in the labor market.\(^4\) Currently, there is little information on the employment

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destinations of higher education graduates. USP has been conducting surveys on the employment outcomes of its graduates immediately following graduation, but information on long-term employment outcomes has not yet been collected.

11. The overall quality of higher education is constrained by the generally low quality of secondary education. A significant proportion of students enter the university poorly prepared. To address this issue, USP provides a considerable number of predegree foundation courses. In 2009, of the total number of students at USP, about 30% were enrolled in predegree courses.

12. To improve the relevance and quality of courses offered by USP, the university has introduced a number of new initiatives since 2009. To assess the quality of USP’s learning and teaching, the Australian Universities Quality Agency undertook an academic audit of the university in 2009. The audit produced a number of recommendations for USP and sharpened its approach to planning, particularly in setting strategic directions and enabling relevant and feasible ways of implementation. The outcomes are reflected in USP’s Strategic Plan 2010–2012 and the new plan for 2013–2018.

13. The system of engaging external advisors for periodic reviews of academic sections (abolished in 2006), was reinstated as part of the quality audit implementation. Of the 10 external advisor visits in 2009, 8 were completed for sociology, journalism, biology, geography, marine studies, economics, accounting, and management and public administration. Findings were used to strengthen the relevant courses and are reflected in the strategic plans.

C. Labor Market Demand and Higher Education

14. In the Pacific, the public sector is the predominant provider of the formal sector employment, although larger Pacific countries show a reasonable level of formal employment in the private sector. Public sector employment accounts for around 68% of all employment in Kiribati, 66% in Tuvalu, 40% in Fiji, and 24% in Samoa. The public sector, however, is not expanding, largely because of fiscal pressures and the public sector reform process adopted by many countries. Private sector development is essential for job creation and growth, especially given the large numbers of young people entering the labor force. Projected changes in formal sector employment indicate that employment growth is expected in countries with a stable tourism industry, such as Fiji (Table 2).

### Table 2: Projected Changes in Formal Sector Employment of Selected Pacific Countries

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<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Cook Islands</td>
<td>5,900</td>
<td>6,000</td>
<td>1.7</td>
<td>Samoa</td>
<td>59,000</td>
<td>63,425</td>
<td>7.5</td>
</tr>
<tr>
<td>Fiji</td>
<td>122,000</td>
<td>145,880</td>
<td>19.6</td>
<td>Solomon Islands</td>
<td>30,070</td>
<td>32,360</td>
<td>7.6</td>
</tr>
<tr>
<td>Marshall Islands</td>
<td>10,480</td>
<td>11,270</td>
<td>7.5</td>
<td>Tonga</td>
<td>35,820</td>
<td>37,610</td>
<td>5.0</td>
</tr>
<tr>
<td>Federated States of Micronesia</td>
<td>15,350</td>
<td>16,470</td>
<td>7.3</td>
<td>Vanuatu</td>
<td>16,300</td>
<td>17,820</td>
<td>10.0</td>
</tr>
</tbody>
</table>


15. Lack of reliable, consistent labor market data across PICs makes it difficult to accurately assess the employment situations of people with different levels of education. Available information suggests that higher education is an important factor for employment, and there is unfilled demand for skilled, educated workers. A growing concern in the Pacific has been high unemployment, particularly prevalent among young people with low levels of education and inadequate skills. A recent study indicates that with higher levels of education, the prospect for paid employment increases significantly, for instance, in Kiribati, Samoa, Solomon Islands, and
Workers with higher education also have significantly higher earnings than their uneducated counterparts in Solomon Islands and Vanuatu. This earnings difference is more pronounced among females than males.

Despite high unemployment in the region, employers express difficulty in recruiting skilled workers, and many vacancies remain unfilled. In the Solomon Islands, 17% of public sector positions are said to be vacant, and three-quarters of these positions are in critical skill areas such as teachers, nurses, and public administrators. While available opportunities for skilled workers vary widely across the region, the need to increase the supply of educated, skilled labor force, especially those capable of supporting the public sector and promoting entrepreneurial activities in the private sector, cuts across countries. There is also relatively high demand for semi-skilled, skilled, and educated workers in overseas markets like Australia and New Zealand. Due to lack of highly trained professional personnel in the region, there is a growing trend of high labor mobility within and across the region for people with specialized qualifications, such as accountants and information technology specialists.

The apparent mismatch between the supply of and the demand for skilled workers has resulted in the prevailing situation in the region wherein shortages of skilled, educated work force coexist with high unemployment. This mismatch also reflects the inadequacy of education in both its quality and relevance. While the quantity of school graduates is increasing, the quality of education has not equipped them with proper knowledge and skills that are relevant to labor market needs.

USP, as a regional institution serving its 12 member countries, is in a unique position to educate and train its students with skills and knowledge that address the region’s challenges and contribute to the region’s development goals. USP’s academic programs, such as Pacific studies and environment and sustainable development, foster regional consciousness and cooperation as a means of tackling common challenges and finding solutions. Students who attend a USP campus in the region are also more likely to return to their home countries after graduating, which is less often the case with graduates from schools in Australia or New Zealand.

Improved opportunities for quality higher education are expected to better equip the labor force to adapt to a changing economic environment. Higher education will support enhanced economic activity in a wide range of sectors, generate higher incomes, create greater tax revenues, increase savings and investment, and lead to more entrepreneurial activities. A highly educated labor force will enable the PICs to advance the business and regulatory environment, strengthen governance, and improve the quality of social services. Quality higher education is essential for preparing qualified teachers who can improve learning outcomes in primary and secondary education. Expanding higher education also produces positive spillovers that benefit countries by improving the skills of the population at large and generating greater entrepreneurial activity and job creation in the region. Improving the quality of higher education will also enable Pacific islanders to find overseas employment, and contribute to the home economy with remittances or by returning to their home countries with advanced knowledge and better entrepreneurial skills.

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Problem Tree for Higher Education in the Pacific

Constraints in Opportunities for Quality Higher Education in the Pacific

- Inadequate learning Environment
- Poor Higher Education Facilities
- Limited Regional Student Dormitory
- Unreliable ICT Infrastructure for ICT-based Education
- Higher Education Courses Not Relevant to Needs
- Course Materials Not Adequate
- Inadequate Quality of Teaching Staff
- Weak Linkage between Senior High School and Higher Education
- Limited Higher Education Governance and Regional Approach
- Limited Student Service Program
- Limited Pre-Enrollment Program
- Limited Academic Advisor Program
- Limited Career Advice Service
- Limited Data Analysis
- Limited Regional Cooperation on Higher Education
- Limited Linkage to Labor Market

ICT = information and communication technology, USP = The University of the South Pacific.