



PACIFIC STORIES

DEVPOLICY
BLOG POSTS
IN 2013-14

DEVELOPMENT
POLICY CENTRE

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Edited by Matthew Dornan
and Tess Newton Cain

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Introduction

Matthew Dornan and Tess Newton Cain

Welcome to “Pacific Stories”, a collection of some of the best Pacific-focused posts to appear on the Devpolicy blog during 2013 and 2014 (so far). In this collection we’ve brought together a range of items to give you a sense of some of the issues and concerns that are important in and for the Pacific island region. You will note that PNG does not feature in this collection and that is because it has a collection of its own.

In 2013, we introduced ‘Pacific Conversations’ to the blog as a means of amplifying the voices of leading and emerging Pacific thinkers. Three of the contributions to that segment are featured here.

We hope that this collection will give you a taste of the Pacific material on Devpolicy and that you will visit the blog to read these items (and get the benefit of the hyperlinks we can’t include here!) as well as other contributions we weren’t able to include in this volume.

BLOG POSTS

1. Small islands, big challenges: rethinking the Pacific aid architecture

Jimmie Rodgers, October 23, 2013



The OECD DAC [highlights](#) the Oceania region (comprising 22 island countries and territories) as the highest per capita recipient of development aid globally – standing at US\$237 per capita, about 4.8 times more than the African region (US\$49 per capita) and almost ten times more than the global average for aid to all developing countries combined (US\$24 per capita).

Such statistics raise legitimate questions.

Does the Pacific islands region need more development aid when it is already the highest recipient of aid per capita globally? Why is the Pacific islands region not tracking well on many global targets and indicators (such as the MDGs)? What development outcomes or achievements can be attributed directly to the high level of development aid at the individual country or the broader regional level? Is the current aid architecture to Pacific island countries and territories the most appropriate or still relevant? Does it enshrine principles of aid effectiveness?

Should there be a re-thinking of the aid architecture in the Pacific to acknowledge the unique characteristics of the region?

Current aid to the Pacific

Just over 90% of all aid flowing into the Pacific comes from five DAC countries – Australia, France, Japan, New Zealand and the USA – and one multilateral partner, the European Union.

The distribution of aid differs by development partner. The bulk of France's aid goes to the three French territories of the Pacific; the bulk of US aid goes toward the three freely associated States; total EU funding goes to the 14 Pacific ACP countries and four OCT (territories); and Australia and New Zealand cover the Forum island countries, with Japan also mostly providing support to these countries.

A significant proportion of aid to individual countries is in the form of budget support and smaller amounts targeted at time-bound and verifiable outputs agreed on between individual countries and donors through their respective bilateral partnership arrangements.

I am of the view that we are still quite a distance from getting the aid architecture right in the region, and further away still from achieving a sound platform to enhance aid effectiveness. The issue is not to do with the lack of agreements or principles – these exist. Rather it is to do with the inability to implement these agreements.

Globally, the international community has signed up to three agreements to enhance aid effectiveness – the Paris Principles (2005), the Accra Agenda for Action (2008) and the Busan Partnership for Effective Development Cooperation (2011). In addition to these, Pacific island countries have also agreed on three other important regional mechanisms – the Pacific Plan for strengthening regional cooperation and integration (2006); the Pacific Aid Effectiveness Principles (2007) and the Cairns Compact on strengthening development coordination in the Pacific (2009).

Despite this, progress on achieving the intents of the agreements has been slow. Measuring the degree of development impact is difficult without first agreeing on the relevant milestones and indicators for each of the recipient countries.

Major development partners in the region still find it challenging to coordinate their assistance to individual countries. Development partners are very sensitive to each other's interests, and while many try to take a coordinated approach and to link aid to agreed national development priorities – reflected by the existence of many SWAPs (sector wide approaches involving many partners) – some partners prefer to go it alone. This sometimes leads to a discourse of politeness rather than serious engagement to enhance aid effectiveness at the country level.

The utilisation of development aid differs between countries, but for the majority of islands the vast proportion goes to the social sectors (50-70%) with the economic sector and production sectors next in line. Targeting of aid by countries also differs significantly, influenced by traditional and historical links.

Future aid to the Pacific islands region

In the future, will all Pacific islands countries reach a state of economic self-reliance where they will no longer require development aid to supplement their own development efforts?

The reality is that very few Pacific countries have this potential. Even for these few, it is unlikely they will achieve such level of self-reliance in the short to medium term. For the

majority of the 22 island countries and territories, dependence on development aid will continue in the long term. For some it will remain a permanent feature of their development agenda.

Given this scenario, discussion should focus on the architecture of aid that is most appropriate for the Pacific, taking into account the unique characteristics of the region.

Such a discussion will delineate between island countries where the current, shorter term development aid model (to achieve agreed objectives over a shorter time frame) may remain appropriate, while those island countries for which development aid might become a more permanent feature of their development agenda may require a mechanism that is long term in nature and based on an agreed development partnership framework.

For many of the smaller island countries in the Pacific, the use of the phrase 'maximising aid effectiveness' is almost synonymous with the concept of the 'shared sovereignty' principles that underpin development in the region.

Sovereignty of individual countries will remain the starting point for discussions on development aid between respective countries and development partners long into the future. This is a given. Each island nation in the Pacific, regardless of its size, natural resource endowment and human capital, has the same right as any other country in the world to determine its development agenda and to fulfil its aspirations as a member of the global community of nations.

Having said this, and given the inherent geophysical characteristics of the countries in the region, one needs to ask the question: are there other ways in which development aid could be provided to island countries that would assist each country to achieve its development goals and strengthen regional cooperation and collaboration without undermining individual country sovereignty?

The answer is simply yes. The challenge is a conceptual one, but it often gets transformed into a discussion about sovereignty that hinders initiative.

A genuine discussion needs to be had between development partners and Pacific island countries on the shortcomings of the current architecture of development aid in the Pacific and to agree on modalities that would enhance the development impact of aid to individual island countries as well as to the region as a whole. The discussion needs to start by challenging the status quo and asking: is there a better way?

This paradigm shift requires island countries to delineate between those development outcomes that are best addressed through bilateral development aid retaining current principles of sovereignty, and those that are best addressed through genuine

cooperation and collaboration with another island country, or countries, through a multi-country or regional arrangement that embodies the concept of shared sovereignty. This will assist the country to determine the mix and magnitude of its development aid and how it is to be delivered.

For development partners, they need to ask themselves whether they would be prepared to align their bilateral development aid in a more complementary way. They also need to consider if they would be prepared to support a two-tier development aid architecture that clearly delineates between direct bilateral aid and aid provided under the 'shared sovereignty' concept through a multi-country or regional arrangement, linked directly to and measured against country-level national level development indicators.

These approaches are not new to the region. What is new is the acknowledgement at the national level that 'development aid' through a multi-country or regional approach under the principle of 'shared sovereignty' does not compete with bilateral arrangements (as it is currently viewed).

Where to from here?

The Pacific islands region has benefited tremendously from development aid. Looking to the future, many island countries will continue to depend on this in the long term. For many of the smaller countries, the discussion needs to shift from development aid to long term development partnerships.

The aid architecture to date had been built on the premise of individual, country driven development priorities on the one hand and reciprocal, development partner bilateral support on the other. Multi-country or regional development approaches are often seen as direct competition to nationally driven approaches, undermining national sovereignty.

In the Pacific context there needs to be a paradigm shift that embraces the concept of shared sovereignty, in which development aid delivered through agreed multi-country or regional approaches is embraced as an integral part of their aid architecture.

The Pacific islands region boasts many of the best examples of where regional cooperation actually works. Underpinning these successes is the law of diminishing country size – where the importance of multi-country or regional approaches increase as country size diminishes. For many small island countries in the Pacific, multi-country or regional approaches are not an option, they are an imperative.

Development partners are an important part of this shift. As development aid financing gets tighter, better aid coordination is crucial and partners also need to look beyond aid.

Getting the Pacific aid architecture right as we head into the future is crucial. This will require challenging the status quo; learning from experiences of other regions; and some out of the box thinking in relation to aid volumes, who it is given to and for what purposes, how it is given and how impacts are to be measured.

Ultimately it all comes back to political leadership in the respective countries and territories. Vested in the hands of governments is the mandate and responsibility for making decisions to influence how resources are best used and managed in order to obtain the maximum benefits for current and future generations.

Perhaps the most important question to reflect on is: how do we wish to see each Pacific island country 50 years from now? If we can picture what we would like these countries to look like in the future, when their populations will have nearly doubled as natural resources reduce, then we can understand what needs to be done today to safeguard the future of the PICTs.

What legacy will we leave? Or, to put it another way, how will future generations view this generation of Pacific Island leaders and decision-makers? The answer to this question must inform the choices and decisions that all of us make now.

Dr Jimmie Rodgers is the Director General of the Secretariat of the Pacific Community. This blog post is based on a keynote speech he delivered at the 'Future of International Development in Asia and the Pacific' conference in Melbourne in May 2013.

2. Solomon Islands post-RAMSI: falling down in bits and pieces

Transform Aqorau, November 4, 2013



How does one evaluate RAMSI? I am not sure how, although there are various reports, consultancies and surveys that have attempted to address this question. These reports have endeavored to evaluate the effectiveness of RAMSI against the three pillars of its stated mission, namely: a) restoration of law and order; b) improving the machinery of government; and c) promoting economic growth. There is, however, little independent, evidence-based, critical research that has been carried out on RAMSI's approach and operations, and their impact on people's lives and the public service. Perhaps some research has been done, but these papers are not accessible to the public because they are owned by RAMSI. Much of the research that has been done on RAMSI to date has

been individual perspectives, rather than research based on a program to uncover tangible evidence about the effectiveness of RAMSI. This short discourse is intended to add to the ongoing debate about RAMSI.

I would argue that it is not easy to measure RAMSI's effectiveness across the three pillars, or to make specific conclusions on the efficacy of RAMSI's operations over the past ten years. This is because people's views of the efficacy of RAMSI are often subjective and influenced by perceptions of, and interactions with, RAMSI personnel. The examples given below illustrate this point.

The first example is café proprietors who set up business specifically to cater for expatriates who want a nice, comfortable, posh place to have coffee. They would argue that RAMSI has been good for business because it has made the demand for such facilities economically viable. Solomon Islanders, on the other hand, who probably want to also have a nice cappuccino and a slice of cheese cake, but cannot afford the exorbitant price that these café's charge, would argue that RAMSI has helped inflate the price of a cup of coffee and therefore effectively pushed them out of the market. They would take a different view of RAMSI.

The second example is home owners who rent their homes at exorbitant rates to RAMSI personnel. They would argue that RAMSI has had a positive impact on the local rental market because it has created a demand for good quality houses that they rent at rates that they would not otherwise have been able to. Solomon Islanders, on the other hand, (many of whom are public servants) would have a negative view of the impact that RAMSI has had on rental prices because they are pushed out of the market and therefore have to live in overcrowded conditions with relatives. They too would have a different view of RAMSI.

The third example is those who view the restoration of law and order, especially the presence of the Participating Police Force (PPF) alongside the Royal Solomon Islands Police Force (RSIP Force), as having enhanced the effectiveness of the rule of law. They would argue that RAMSI has restored law and order and helped the RSIP Force regain its credibility. Solomon Islanders, who may have experienced the heavy handedness of RAMSI personnel in various operations, may take a different view. They would argue that RAMSI is biased, culturally insensitive and heavy handed in their approach to carrying out investigations. Thus, as a result of their personal experiences, they may have a different view of RAMSI.

These examples illustrate the bias with which individuals may view RAMSI. As alluded to earlier, this might originate from the nature of their interaction, personal experiences and personal circumstances. All these experiences help shape people's attitudes and perceptions of RAMSI.

I would argue that because perceptions of RAMSI are subjective, it is unfair to evaluate it on the basis of what has been achieved in terms of the three pillars. RAMSI's performance should rather be evaluated around the question of what the Solomon Islands are like in 2013, taking as a yardstick the three pillars. In addition, I would argue that RAMSI was not established to solve Solomon Islands law and order, governance and economic problems. RAMSI was established to provide a conduit through which Solomon Islanders would address these problems. Thus, the question that should be asked is not how well RAMSI has performed, but rather how well successive Solomon Islands governments have performed since 2003.

There are different ways in which this question may be answered that are also subjective. I do not claim patent over the way I attempt to answer these questions because my views are also subjective, but I will offer them nonetheless as a basis for discourse. How well successive Solomon Islands governments have performed may be evaluated against the following factors:

- a) what impact has law and order had on governance;
- b) what improvements have been made to the machinery of government; and
- c) how have living standards improved, resulting from economic growth.

What impact has law and order had on governance?

I would argue that overall this has been positive. There is a semblance of law and order, the RSIP Force is visible at times and generally available most times, and government systems are generally functioning. However, these gains are being negated by the way state agencies like Members of Parliament (MPs) are appropriating limited state resources for themselves. In this regard, it may be argued that whereas former militants held Treasury to ransom at gunpoint, MPs are holding Treasury to ransom through legislation and the Budget. The only difference between the two groups is the *modus operandi* through which Treasury is being held to ransom but the impact on the economy and the lives of Solomon Islanders is the same. Furthermore, whereas former militants demanded inflated overtime allowances for keeping Honiara "safe", MPs are demanding more of the state's limited resources for themselves in the name of "constituency development". MPs have not restricted their insatiable greed only to the Rural Constituency Development Fund (RCDF). They are packaging funds for tourism, cocoa, cattle and fisheries, and legitimizing it under the Constituency Development Fund (CDF) Act. This kind of behavior has a percolating effect on other elements of the public sector because it originates from the highest echelons of the Government. Other state actors, like the provincial governments, are also imitating what national MPs are doing. I would also argue that other state agencies, like the RSIP Force, are also being compromised because of the behavior of MPs. Unfortunately, all the good work that has gone into restoring law and order is being undermined by the very people that were

elected to uphold the rule of law, demonstrate respect for the rule of law and apply the rule of law without fear or favor. MPs have instead undermined the rule of law and given themselves power over the way millions are spent in ways that are disproportionate to the needs of Solomon Islanders. The increasing misapplication of these rules is evident, *inter alia*, in the delays in allowances for students, the declining standards of medical services, and the poor state of roads and state assets. I would respectfully argue that while there has been a positive effect with regard to pillar one, it is unfortunately being negated and abused (*albeit* legally through Acts of Parliament) to the economic and social detriment of Solomon Islanders. To that extent, the answer to the first question might be law and order has had a somewhat positive impact, which is unfortunately being undermined by poor governance.

What improvements are there to the machinery of government?

The machinery of government is intended to restore confidence in government organization, systems, procedures, policies and create a civil service capable of providing “public services” to the general public, be they Solomon Islanders, investors or foreigners. The extent to which this has been achieved is reflected in the ability of public servants to work with confidence and exercise competence in their respective positions. The work that the Institute of Public Administration and Management (IPAM) is doing to ensure public servants are trained in the basic administrative and financial instructions of the public service is also commendable. If the response to the second pillar were to be evaluated on these grounds alone, I would argue that it has been successful.

I would respectfully argue, however, that there are at least two areas in which doubts may be cast on this conclusion. The first is in respect to land allocation, in particular, allocation of urban land where developments clearly reflect corruption, as evidenced by the standard of commercial buildings built by the more recent Chinese arrivals. It is argued that these lands could only have been allocated through corrupt means, as there has not been any government tender of government lands by the Commissioner of Lands in the last ten years. The replacement of residential homes at Kukum Labour Line by commercial buildings that are owned and operated by these new Chinese arrivals could only have been due to corrupt means. There were no tenders, and the fact that the Solomon Islanders who lived there could have been given an opportunity to own the plots of lands on which their homes were located arguably points to corruption. It is argued that government machinery that disenfranchises its citizens by making them homeless to give way to the new wave of Chinese underlines serious inherent weaknesses in the government systems, particularly in the Lands Department, Physical Planning Division and Honiara Municipal Authority.

The second area is in regard to work and residential permits. A government system that enables people who do not speak a single word of Pidgin or English (or whose command of both languages is limited) to hold a Solomon Islands passport and own property, shops, buildings and businesses underscores a failure in the system. Can you imagine a Solomon Islander arriving in China, Australia or New Zealand without any funds and then suddenly owning businesses and becoming a citizen without being able to speak the language? To that extent, it is argued that a system that enables a person with limited command of Pidgin or English to own land, run shops and hold a Solomon Islands passport illustrates corrosion in the machinery of government. The revelation by a staff member of the Auditor General's Office that corruption is widespread in government arguably supports the contention that Solomon Islands has gone from bad to worse, and therefore, to that extent, its performance on pillar two is wanting. It is beyond the scope of this discourse to ascertain the reasons. I would simply venture to suggest that there is an inextricable link between political behavior and a lack of respect for procedures, processes and regulations by those supposedly serving under political directives.

A question that also needs to be asked is what impact did RAMSI advisors have on the machinery of government and why has the system been abused to the extent revealed by staff from the Auditor General's Office in spite of these advisors? It might be argued that this was a flawed approach because of the huge disparities in the salaries of local public servants and their RAMSI counterparts. RAMSI advisors were often paid ten times more than their local counterparts. These differences distort the relationship between them. I have heard from *wantoks* who worked with RAMSI advisors that, even though the relationship was supposed to be one of equals, it was not unusual to find the RAMSI advisor bossing the local counterpart, often in ways that were culturally insensitive or lacking in respect for local knowledge and expertise. I doubt that one would be able to find reports of this nature because of the tight control that RAMSI has on information, but I know that exit reports by local counterparts have often been critical of their RAMSI advisors. There is no better way to build competence in the public service than to give Solomon Islanders the same level of education as their RAMSI advisors and encourage locals to write policies to raise the standards of the public service.

How have living standards improved as a result of economic growth?

Pillar three is not necessarily easy to evaluate because of definitional issues. What constitutes economic growth for one person might not be viewed as economic growth by others. Similarly, measuring improvements in living standards is subjective. Thus, someone who receives a royalty payment from logging operations might think that his/her living standards have improved because he/she can now buy corn beef, tea,

sugar, rice etc. (even if it is only for a short time). There is also a problem of generalizing the issues because of the uneven distribution of resources throughout Solomon Islands, and imbalances in availability to government services. There are, however, some general ways in which improvements in standards of living may be measured by looking at changes in economic well-being over time. Questions that might be asked to ascertain if standards of living have changed include: is the economy meeting people's needs and, are real incomes improving? It is basically a quantities measure of well-being. Suffice to say there are different ways in which this can be measured.

One baseline measure of standards of living is to look at real income per capita (that is gross domestic product (GDP) divided by the total population). This is to see if real GDP per capita rises when real national output grows faster than the population over a period of time. Solomon Islands politicians have often argued that the Solomon Islands economy has grown, by pointing to the increase in GDP. It is argued, however, that the GDP is not necessarily a measure of economic growth because it does not reflect real changes in society. It is an open fact that the increase in GDP has been spawned by the logging industry at huge environmental and social costs to Solomon Islanders. Economic growth rates in the past five years have been distorted by the rate at which Solomon Islands' natural forests have been removed. The real question is: what improvements have been made to the general population of Solomon Islands as a result of this so called growth? I would argue that the logging industry may have enriched some people, including some politicians, but it has left a terrible legacy of corruption that has permeated all levels of Solomon Islands society. I would argue that policy rhetoric about economic development is not supported by relevant administrative and legislative actions. Thus, reforms to natural resource legislation to enable resource owners to be participants in development and to get a fairer share of the value of their natural resources have never been made and are unlikely to. At the same time, necessary reforms to the Lands and Titles Act (that would make it easier to recognize customary land right holders without having to take their rights way through acquisition of their land) have also not been made and are unlikely to. It is argued that there is a close nexus between economic development, reforming the Land and Titles Act, natural resource legislation and resolving the problems that led to the "ethnic tension". The fundamentals have not been addressed. It is argued that there are clearly more squatters within and on the outskirts of Honiara in 2013 than there were in 2003. There are more Chinese-owned shops and buildings in Honiara, Munda, Auki, Noro and Gizo in 2013 than there were in 2006. The Commission of Inquiry into the 2006 riots was unequivocal in its conclusion about where polices should be directed; namely, inclusive development, proper planning, delivery of social services and ensuring that the new wave of Chinese businesses move away from being economic rent seekers and become "developers" of well planned and designed shopping malls, so that Solomon Islanders can also participate in the retail sector. Unfortunately, Solomon Islands politicians have

been too preoccupied with how much more of the State's limited funds can be appropriated to the Constituency Development Fund than addressing these fundamental economic problems.

Conclusion

There are elements of bias in looking at the success of RAMSI, and particularly the response of successive Solomon Islands' governments. I have tried as best as I could within the limits of this discourse to argue what I view as the "measure" of Solomon Islands' responses to the opportunities provided by RAMSI's presence in Solomon Islands between 2003 and 2013. The lens I have used is subjective and reflects my own bias; based on what I have observed. My assessment is a qualitative evaluation, and I would caution readers not to read too much into it without a more comprehensive analysis of the arguments I have made to measure the impact of RAMSI on Solomon Islanders. I have tried to show some trends across the three pillars of RAMSI's Mission statement and I have set out what I believe to be trends that should concern donors and people who might be interested in contesting the elections in 2014. Donors such as the Taiwanese Government should be concerned that their tax money is helping to sustain a situation that will fuel a revolution; a revolt that would be instigated by young Solomon Islanders who are well-informed through social network links as to what is happening within the deepest corners of the Government.

I would argue by way of conclusion that we have missed an opportunity. If there is any criteria against which we can measure respect for the rule of law, and how successfully we have responded to these opportunities, we need only look at the way in which an increasing number of people drink beer in public in front of police officers in total defiance of the law. I would submit, as a final remark, that there are lessons to be learned about interventions that make assumptions about the cultural, political, historical, ethnic, traditional, economic and social conditions of a country. No one in 2003 could have foreshadowed that, by 2013, corruption would have become so invasive in Solomon Islands so as to undermine the good work that has been done by RAMSI.

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3. Aid-for-trade should support the Pacific's 'hidden strength': smallholder agriculture

Wesley Morgan, February 21, 2014



This post summarises a recent [working paper](#) on the future of agriculture in the Pacific islands, prepared by Wesley Morgan for [Asia and the Pacific Policy Studies](#).

In January 2014 the Australian Minister for Foreign Affairs, Julie Bishop, announced Australian aid would be re-focussed towards near neighbours in the Asia-Pacific region. She also announced that '[aid-for-trade](#)' would form a key strategy for improving living standards. While much could be done to help Pacific island states take advantage of international trade, it is important that support is directed where it is needed. Aid must help to develop supply side capacity and address market access issues. Australia also needs to review quarantine restrictions which stymie potential Pacific exports.

'Hidden strength' of Pacific economies

Agriculture is easily the most important economic sector for the Pacific island countries – providing the greatest source of livelihoods, cash-employment and food security for more than eight million people across the region. Typically, food production dominates the sector – with 'village-level' farmers growing and distributing a large quantity and varied range of fresh vegetables, root crops, nuts, fruits and flowers. Because many of these farmers focus on growing food for their own families, or to share with others through socially-embedded systems of exchange, traditional food production is often under-represented in national accounts and has been identified as a '[hidden strength](#)' of Pacific economies.

Development policy should build on this hidden strength. A key challenge is to find ways to commercialise traditional systems of farming and improve cash-generating opportunities, without sacrificing community cohesion and local food security. Other sectors – particularly tourism and mining – are important in some Pacific countries, but these are unlikely to provide the volume of job opportunities required to meet the needs of growing island populations. Thus the [focus of policy for employment and for economic growth should be on promoting opportunities in agriculture](#).

Islands of opportunity: new incomes from high value crops

For much of the 20th century commercial agriculture in the Pacific was dominated by large-scale colonial plantations geared toward the export of bulk commodities – especially copra, coffee, cocoa and sugar. Over recent decades, however, the smallholder sector has been fastest growing, particularly in Melanesia. The sector has also proved to be remarkably price-sensitive, with many farmers choosing what to grow based on the vagaries of international markets.

Smallholders in the Pacific are unlikely to compete either on price or volume with low-cost, high-volume producers in South-East Asia. Island growers face inherent cost disadvantages. ‘Village-level’ production involves small economies of scale, input costs are high, natural disasters are common and transport between islands is often expensive and/or infrequent. In short, growers need to receive considerable returns to compensate for these unavoidable costs.

To take advantage of international trade in the 21st century, smallholder producers in the Pacific will need to focus on high-value, low-volume exports. Thankfully, opportunities abound, and island producers already export a range of high-value agricultural products to markets across the globe (see Table 1 below). Furthermore, many of these exports *complement* traditional systems of food production without supplanting them. Thus Pacific smallholders are growing food around and underneath high-value crops destined for export. Crops like sandalwood (and other high-value timbers), noni trees, indigenous nuts or kava are all suitable for inter-cropping in smallholder food gardens and village plantations.

Table 1.0 Regional bounty in the Pacific	
Region	Key niche agricultural products
Melanesia	High-value plantation timber, fair-trade sugar, bottled water, virgin coconut oil, coconut products (cosmetics, furniture etc), fresh tuna (sashimi), ‘single source’ cocoa and coffee, kava, fresh fruit and vegetables, indigenous nuts, fresh flowers, preserved spices, organic beef, pearls
Polynesia	Virgin coconut oil, cosmetics, black pearls, noni juice, dried organic fruits, spices, single source cocoa and coffee, kava, fresh fruit and vegetables (particularly squash), indigenous nuts, fresh fish, vanilla
Micronesia	Virgin coconut oil, coconut products, import substitution

Marketing key to improved returns

The flip-side of the high costs associated with island agricultural production is that many places in the Pacific are inherently marketable. Remote and ‘exotic’ locations, warm and happy people, and ‘clean and green’ production fire the imagination of would-be consumers. Sophisticated marketing strategies which use the Pacific ‘brand’

to stand out from the crowd are one way of targeting discerning buyers who are prepared to pay more for island produce – a price premium that is vital to offset high costs of production. An example of successful marketing for a niche product is that of Fiji Water, which has become a drink-of-choice in Hollywood and has even been seen wetting the lips of US President Obama. Indeed [in some years Fiji Water alone has accounted for up to 20% of all Fiji's exports](#).

Another way to stand out from the crowd, and to improve returns to growers, is through fair trade or organic certification. Here, consumers are prepared to pay a price premium for Pacific produce if they know products are good for the environment and for people. In recent years sales of fair-trade labeled products have increased dramatically in Australia and New Zealand (particularly for coffee and chocolate). In rural Papua New Guinea, more than [10,000 people currently benefit from community projects funded by improved returns for fair trade coffee](#). In Samoa hundreds of farms are certified as organic, and a women's business organisation sources organic coconut oil for a multinational cosmetics retailer.

Both fair-trade and organic certification can be an expensive process, requiring regular assessment by external auditors, and costs can outweigh returns to growers. Improved returns require farmers working together to absorb these costs. [In 2011, 4000 members of a Fijian sugarcane growers' cooperative started receiving a 'fair trade premium' from British sugar-company Tate and Lyle](#) – which now retails the sugar with a Fairtrade label. Another way to minimise certification costs is to develop Pacific-appropriate standards. In 2008 a regional 'Pacific Organic Standard' was endorsed by regional Ministers of Agriculture and an '[Organic Pasifika](#)' labelling system has been developed. The next steps are to develop guarantee systems for organic produce and to seek 'equivalency' for organic standards in potential export markets.

Quarantine restrictions are a major barrier

Developing export pathways is key to growing Pacific agriculture. It's no good harvesting high-value papaya or ginger or cut-flowers if there is no way to get produce to consumers who are prepared to pay top dollar for them. A key challenge is transport – is there any way to get to market? But perhaps an even bigger issue is market *entry*. Quarantine restrictions have been identified as the [weakest link in the Pacific's horticultural export marketing chain](#). Here the Australian government could do much to help speed up quarantine assessments for island produce. Michael Finau-Brown, who heads a cooperative of growers in Fiji, argues that at the current rate of assessment it would take two lifetimes for Australian quarantine agencies to approve for import the full range of fruits and vegetables Fijian growers are *now ready* to supply to Australian consumers.

[Australia's 2011 aid review](#) found that quarantine restrictions should be based on firm science and should not place undue restrictions on agricultural exports from neighbouring countries. Nonetheless there is little doubt that Australian policymakers maintain restrictions that keep out more price-competitive Pacific island produce. Ginger exports from Fiji are a case in point. Fijian biosecurity authorities made a formal market access request for fresh ginger in 2003. A decade later the Australian Department of Agriculture, Forestry and Fisheries completed [a risk analysis which found ginger imports from Fiji should be permitted](#) subject to specified phytosanitary measures. However, Australian farmers successfully lobbied for a Senate inquiry into 'the effect on Australian ginger growers of importing fresh ginger from Fiji'. While that inquiry remains ongoing, fresh ginger exports to Australia remain on hold.

Regional cooperation is vital

Australia and New Zealand are currently negotiating a regional trade agreement with 14 Pacific island countries (PACER-Plus). Money earmarked as 'aid-for-trade' often goes to helping Pacific governments engage in international trade negotiations. However, if PACER-Plus simply requires island countries to restate, or sign on to, rights and obligations similar to those included in the World Trade Organisation's Agreement on Sanitary and Phytosanitary (SPS) Measures, it will do little to expand agricultural trade. Aid-for-trade funds allocated to lengthy negotiations, for agreements of doubtful benefit, could be put to better use developing supply-side capacity and addressing market access barriers in a more direct way.

This is not to say all existing aid-for-trade is misdirected. Current donor-funded projects in the Pacific do aim to resolve quarantine issues, improve trade related infrastructure, provide information regarding international market opportunities, improve production techniques, maintain quality of supply, and develop new marketing and branding initiatives. Many of these aid-for-trade projects are subject to short-term funding cycles, and much could be done to coordinate support to would-be agricultural exporters on an ongoing basis. However, the good news is that there is significant potential for the export of high value crops and improving exports will reap widespread benefits for decades to come.

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4. Seven reforms to expand Australia's Seasonal Worker Program

Jesse Doyle and Stephen Howes, September 23, 2013



Just two days before the Coalition won the election, its foreign affairs policy was released. The announcement of a commitment to consider the opportunities for expanding the Pacific Seasonal Worker Program (SWP) was largely overshadowed by its aid cuts.

It's still unclear as to which part of the aid program the axe will fall on,

but the Pacific Islands can at least take comfort in the possibility of their remittance base expanding under the Coalition — a prospect that would have been [unthinkable during the Howard era](#).

The commitment has not taken the development community by surprise, as then Shadow Minister for Foreign Affairs and Trade, Ms. Julie Bishop, consistently voiced her support for the scheme in opposition. During an address last June on [‘Australian Aid, the Pacific and PNG’](#) hosted by the Development Policy Centre, Ms. Bishop called for a “strengthening of Australia’s existing guest worker program to enable greater numbers of Pacific islanders to undertake seasonal work in this country.” At this same address, Ms. Bishop hailed the success of New Zealand’s Recognised Seasonal Employer (RSE) scheme for both the economic outcomes and goodwill it has generated.

Widely considered as world’s best practice, New Zealand’s RSE program lies ahead of the SWP on both quantity and perhaps quality. Over the FY 2012-2013 the RSE took on 7,456 workers compared to Australia’s 1,473. Quality is harder to compare, but our discussions with sending-countries suggests that Australia, even with its smaller numbers, presents more problems with compliance.

Expanding the SWP won’t be easy. The NZ success is due to a range of factors. The horticultural industry in NZ has less illegal labour, is better organised, and is easier to regulate, since it is so much more compact. The NZ horticultural industry also produces largely for export markets, whereas the Australian industry largely caters to the domestic market. Profit margins may be lower in Australia with the higher dollar, and quality concerns less pressing.

One telling indicator is that the minimum wage for fruit picking in NZ is \$NZ13. In Australia it is \$A18, or 57% higher, adjusting for exchange rate differences. The higher legal minimum wage increases the incentives to employ illegal labour, and the more dispersed geographical area makes it harder to enforce compliance. The result seems to be a much higher reliance on illegal labour in Australia, and an undermining of the competitiveness of the highly-regulated SWP.

The Coalition's foreign policy [statement](#) [pdf] recognises the challenges involved, and puts its commitment to doing something about the SWP in cautious terms:

"While there are significant obstacles to improving Australia's current pilot programme, the prospect of placing Pacific Island economies on a more stable and diverse footing should be seriously considered and the Coalition commits to examining the case for the expansion of this programme."

There are obstacles, but there are also opportunities. Here are seven reforms the Government could consider:

1. Remove the incentive for backpackers to pick fruit. In 2005, the Government [amended the WHM Visa](#) to provide an incentive for backpackers to work in the horticultural sector. The amendment stipulated that after a three-month stint of agricultural work, backpackers were eligible to extend their visa for an additional year. The incentive worked. In [a 2011 survey](#) of employers in the horticulture sector conducted by Stephen Howes and Danielle Hay, 93% of respondents suggested that backpackers were their main source of labour. An unintended consequence of this amendment is that it crowded out demand for Pacific workers when the SWP was introduced in 2008. Removing this amendment would provide a lifeline to the SWP. At a minimum, the "[specified work](#)" list should be removed, and any work in regional Australia should be eligible for the two-year extension. At the moment, backpackers need to work in agriculture, mining or construction to get the extension. Work in a pub or a restaurant isn't eligible.

2. Clamp down on illegal workers. One of the measures New Zealand took to coincide with the introduction of its RSE scheme was a clampdown on illegal workers. Australia would be well advised to do the same. The [latest DIAC estimates](#) place the number of illegal workers currently residing in Australia at 60,900. Anecdotal evidence overwhelmingly suggests that many of the employers in the horticulture industry are not paying the award rate, even when they are hiring legal workers. This puts the SWP at a competitive disadvantage, since under this highly regulated scheme award wages have to be paid. The Government has [harsh penalties in place](#) for employing illegal workers, but at present seems to lack the capacity to carry out its directive in a country the size of Australia, with diverse horticultural regions.

3. Launch a communications campaign to promote the Seasonal Worker

Program. In our 2011 survey, a majority of horticultural employers (51%) told us they had not heard of the SWP. Neither the Government nor industry has got behind the scheme and promoted it. Without political and industry leadership, the SWP will continue to languish. Most employers who use the SWP are very happy with it, but the word just isn't getting out.

4. Further reform cost sharing arrangements and flexibility around working periods.

In terms of participation rates, 2011 was a turnaround year for the Pilot scheme. This was in no small part due to [two key reforms that were introduced in December 2010](#). The first was a change to the cost sharing arrangements, which changed the percentage of the airfare cost employers had to pay as well as the amount of domestic transfer costs they were responsible for. The second was a reform of the minimum amount of work employers had to guarantee SWP workers, which previously stood at six months. Taking these 2010 reforms one step further would eliminate the perceived risk involved with the SWP that currently concerns employers. Employers should be able to recuperate the full cost of the airfare as well as the internal transfer costs. Whilst this would marginally reduce individual net gains, it would push the demand schedule for SWP workers outward, increasing the gains at the country level. In terms of flexibility, the minimum amount of guaranteed work could be eliminated altogether. The amount of horticultural work available at any given point is highly dependent on variable factors, such as rainfall. The elimination of this restriction would serve to remove this perceived risk. SWP workers could also be afforded greater freedom to shift between employers if they aren't satisfied with the amount of work being provided.

5. Expand the existing 1,600-worker cap. In the FY 2012-2013, 1,473 SWP workers arrived in Australia — 127 short of the total cap. Whilst this number was an improvement on the 1,118 the year before, it is still a drop in the ocean given the size of Australia's horticultural industry. Expanding the existing cap on SWP workers would give room for the program to grow, if the above recommendations were acted upon. Given that this is a demand-driven scheme and employers still have to advertise to prove that there are no Australians to fill the jobs, why should we place a limit on the SWP's growth?

6. Promote recruitment from Melanesia. One striking feature of the SWP is that Tongans account for 82% of SWP workers. That's great for Tonga, but it would be good to get more workers from Melanesian countries which, unlike Tonga, generally have very low rates of remittances. Perhaps the aid program could subsidise facilitators for Vanuatu, Solomon Islands, PNG and Timor Leste to help expand their presence in the SWP.

7. Expand the Working Holiday Maker (WHM) Visa to include the Pacific Islands. If you can't beat them, join them. Why should the WHM scheme be closed to the Pacific Islands? The Government has recently given PNG WHM access, but in a very restrictive way. Sending-government approval should not be required for Pacific WHM applicants, as this will open the scope for corruption and delay. But sending-government participation is needed to deter overstaying. This could be done by increasing national quotas to reward compliance and punish overstaying.

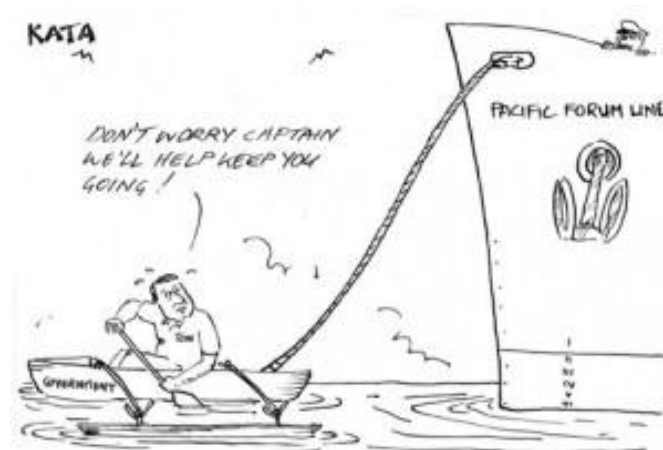
Other reforms are also possible. The extension of the SWP beyond horticulture to a few sectors such as cotton [hasn't worked](#), but other non-agricultural sectors could be considered. It would also be worth looking at the Howard Australian Pacific Technical College initiative to see why it [hasn't achieved](#) its original goal of promoting international labour mobility.

Above all, the Seasonal Worker Program needs what it has lacked to date: a champion. Julie Bishop seems ideally placed to play that role.

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5. Regional service delivery in the Pacific – have expectations been met?

Matthew Dornan and Tess Newton Cain, November 18, 2013



This post summarises a recent [working paper](#) prepared by Matthew Dornan and Tess Newton Cain for [Asia and the Pacific Policy Studies](#).

The concept of regional service delivery, or 'pooling', has been promoted among Pacific island countries for decades as a means of addressing capacity constraints associated with small size and

remoteness.

Pooling was one of three forms of regionalism identified and promoted in the Pacific Plan for Regional Integration and Cooperation (the Pacific Plan), to which leaders agreed in 2005. The Pacific Plan was notable in its support for 'deeper' forms of regionalism, like pooling, stating that:

The path almost any regional initiative takes usually begins with regional cooperation. Whether the best approach may then be a move towards regional integration, or regional provision of services, or both – depends on an assessment of obstacles to development and consideration of benefits and costs.

There has been no comprehensive published assessment as to how pooling of service delivery in the region has fared across sectors since the establishment of the Pacific Plan. We sought to address this gap by researching the effectiveness of the 20 pooling initiatives identified by our study. Our final conclusions are available in a [working paper](#). Preliminary results have previously been presented in a [submission](#) [pdf] to the review of the Pacific Plan, at the [Pacific Update](#) [pdf] and on this [blog](#).

What did we find out?

The Pacific experience with pooling of services has been one of mixed fortunes. Of the 20 initiatives where pooling of services was a primary objective, 11 could be considered to have achieved some success. Eight initiatives were found primarily to be failures, and one could not be evaluated due to its recent establishment. Initiatives were assessed on the basis of whether pooling was effective; some initiatives that were failures in this respect were nevertheless successful examples of cooperation between states. It was clear that initiatives whose areas of focus are non-commercial have fared better than those that have ventured into commercial areas such as transportation services (e.g. Air Pacific and the Pacific Forum Line).

The landscape of pooling initiatives is one best described as ‘patchwork’. No two initiatives have the same membership base. So, the University of the South Pacific (USP) is owned by 12 of the PICs and the Parties to the Nauru Agreement (PNA) has a membership of eight.

This patchwork approach has strengths and weaknesses. On the one hand, it has been criticised for creating duplication among different organisations (concerns that have led to review of the regional institutional framework, but only limited change). We agree that it would probably be more efficient to coordinate pooling under a single supra-national organisation, as is the case in the Caribbean and the European Union. A centralised arrangement would give greater clarity of political purpose and help to streamline reporting and governance.

However, at the same time, the patchwork also has benefits. To begin with, it is highly pragmatic. Rather than following any detailed design requiring a grand bargain among Pacific island countries and with development partners, pooling progresses where demand is greatest and resistance is least. This gradualist approach helps to ensure that

pooled service provision proceeds where the benefits outweigh the costs for all participating countries.

The key strength of this approach is its flexibility. If a particular initiative is not working, that service can be restructured or even discontinued without calling into question other regional initiatives. Donor assistance can of course prevent this from happening – and this can indeed be a problem. Nonetheless, providing Pacific island governments with a ‘choice’ of regional service providers introduces an element of competition, and prevents Easterly’s famous ‘cartel of good intentions’.

Why is pooling so challenging in the Pacific island region?

Despite our support, on balance, for the patchwork of service provision that has developed in the Pacific, it is clear that pooling has not met the optimistic expectations articulated in the Pacific Plan. Why is this so? Pooling of service delivery is inherently challenging where participation is voluntary, as in the Pacific island region. There is no political federation or constitution obliging countries to cooperate, as exists for state governments in Australia. This means that pooling initiatives must be negotiated every step of the way among the members of the ‘club’ and, at any time, one or more members of the may [choose to leave](#) [pdf – ADB/CommSec Study *Toward a new Pacific Regionalism*].

Political economy factors also work against regional service delivery. Civil servants with a vested interest in national service provision are in a strong political position. Political leaders are less likely to support pooling initiatives given that their benefits are highly uncertain (due to principal-agent problems), take time to materialise and are generally attributed to regional agencies rather than national governments. A broader issue is that of sovereignty. Whilst it has been argued that ‘[shared sovereignty](#)’ is the most beneficial road forward, the (not surprising) realities of post-colonial politics are such that this is a difficult trajectory to navigate

What makes the Pacific experience of pooling special?

Two other factors make the Pacific experience with pooling unique to that of other regions, and in our view have undermined its effectiveness. The first is reliance on donor funding. On average, the initiatives we examined received over 80% of their funding from development partners. This is higher than in other regions like the Caribbean.

Reliance on donor funding has positive and negative impacts. It is evident in some cases (e.g. the Pacific Forum Line) that the injection of donor funding has avoided a situation in which a pooled service ended because of under-capitalisation. However, the

prevalence of development assistance inevitably affects the incentives of regional organisations, reducing their accountability to Pacific island states (as discussed by Satish Chand [here](#)[pdf]). It means that development assistance can act as a price distortion, funding regional schemes that are not valued by Pacific island countries. This inhibited engagement by Pacific island states in several initiatives we studied.

A second distinctive feature of Pacific pooling is the strong focus on capacity building at the national level. Almost 60% of the initiatives we examined involved this element, with capacity building of national governments being a primary component in 20% of cases. Whilst such initiatives may be warranted, they also contradict the central purpose of pooling, which is to deliver services regionally in order to overcome national capacity constraints.

These contradictions are rarely acknowledged. The focus on national capacity building partly reflects the priorities of development partners, which see aid as a temporary measure, and are consequently reticent to use the term ‘capacity supplementation’ to describe their projects (see [this World Bank discussion](#) [pdf] and [this paper](#) by Herr and Bergin). However, our research indicates that this focus also reflects the demands of Pacific island governments. It is common for them to insist on using the term ‘capacity building’ when describing aid projects that actually involve capacity supplementation – perhaps suggesting a reluctance to cede government control (sovereignty) over service provision.

So, what for the future?

We expect future expansion of regional service provision in the Pacific to be slow. The challenges to pooling identified in our research suggest that the ambitious agenda for regionalism articulated in the Pacific Plan is unlikely to materialise in the near or medium term. Cooperation will instead continue to dominate regionalism in the Pacific.

Immediate prospects for pooling are more positive at the sub-regional level, although here too there are challenges. The last decade has seen strong political support for sub-regionalism among Pacific island governments, [especially in Melanesia](#). The financial commitments made by the member governments of the Melanesian Spearhead Group (coupled with apparently active engagement by the political leadership) toward pooling initiatives at this sub-regional level are particularly promising.

However, sub-regional pooling initiatives also face many of the challenges inherent in regional pooling, such as smallness and remoteness, which increase costs. Sub-regional initiatives that do proceed will expand the patchwork of pooled service delivery, bringing with them both costs, in terms of duplication, and benefits, in the form of services that meet the demands of Pacific island states. The immense diversity in the

region, in terms of size, levels of development, cultural background and constitutional frameworks, suggest that this incremental patchwork approach to regional service delivery is appropriate at the present time.

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6. What constitutes donor dependence? Health financing in the Pacific

Joel Negin, January 9, 2013



Across the developing world and in the Pacific region in particular, there has long been criticism of the over-reliance on donors (indeed this topic has been highlighted [recently](#) on devpolicy with regard to NGOs). Pacific Island countries (PICs) have been some of the largest recipients of official development assistance over the past decades. This has been particularly true in the health sector where a few PICs are among the largest per capita recipients of health aid in the world. Australia provides approximately half of total global ODA to the region – just under \$1.2 billion in 2012-13.

But what do we actually mean by donor dependence? Is it a set figure, a mindset, a relationship and how do we know it has occurred?

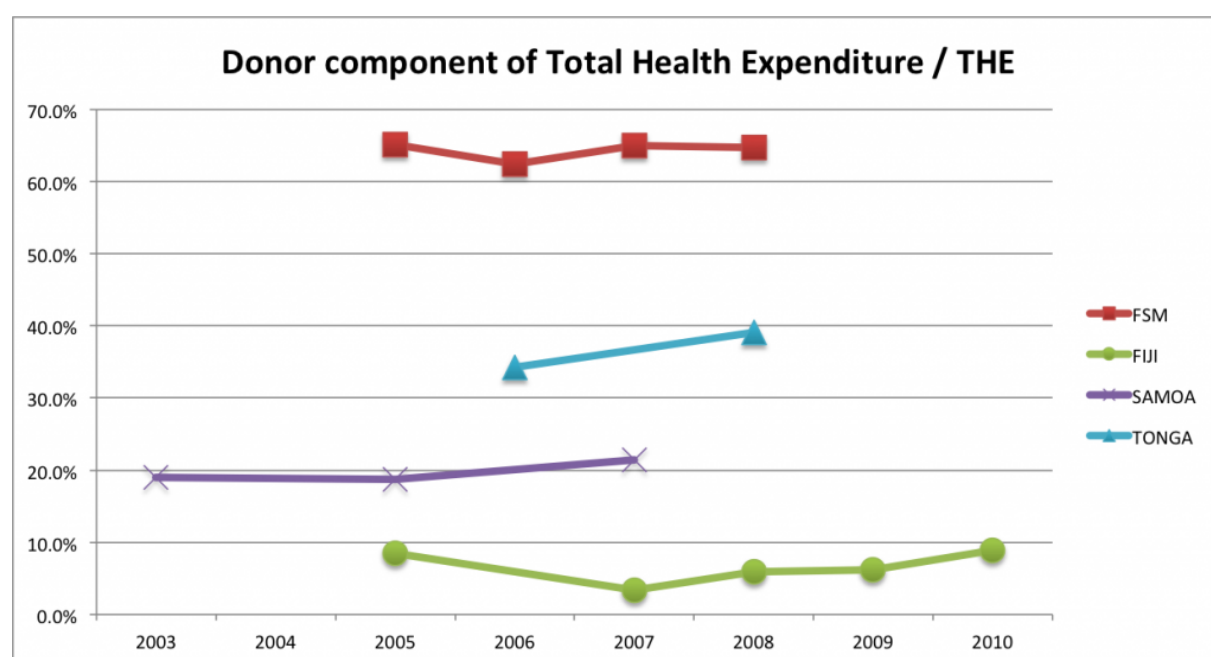
Along with co-authors from the University of Sydney, Burnet Institute and Fiji National University's Centre for Health Information, Policy and Systems Research, we examined some of these questions using health financing data from PICs that had completed National Health Accounts. The results are in a recently released [policy brief](#). The project was supported by the [Nossal Institute for Global Health's Health Policy and Health Finance Knowledge Hub](#).

Alongside the concerns about dependence, development partners have, in recent years, become more explicit about the need for high levels of donor funding in some settings. The Australian [Independent Review of Aid Effectiveness](#), published in 2011, stated that "in the South Pacific microstates (Kiribati, Nauru and Tuvalu), Australian funding will be a significant feature of budgets for the indefinite future, and it is best that Australian aid planning recognise that reality." Similarly, the World Bank [draft discussion](#) [pdf] note on the Pacific Islands acknowledged that aid approaches need to adapt to "better reflect [the] likely long-term role in supporting social outcomes."

So what are some of the trends of external support to the health sector in the Pacific region and is it too high? It is generally difficult to get reliable data but a new initiative in the region is helping shed some light on these topics. National Health Accounts (NHAs) systematically track the flow of money into and through the health system. Each transaction in the health system is classified using precisely defined, mutually exclusive classifications that allows for comparability across countries. In recent years, NHAs have been completed in Fiji, Tonga, Samoa, Vanuatu and the Federated States of Micronesia (FSM) and one is being planned in the Solomon Islands.

The NHAs reveal that in Fiji in 2010, the government financed 61% of total health expenditure with external sources comprising 9% – an increase from 3% in 2007. In 2010, the Australian government contributed 60% of the total external funds with the Global Fund and World Health Organization being the next largest.

Comparable data is available from Samoa, Tonga, Vanuatu and FSM. Using the most recent 2007 data, in Vanuatu, external donors provide 16.5% of total health expenditure, 21.4% in Samoa and 39.2% in Tonga. Tonga's dependence on external financing is more than four times greater than that of Fiji. In Samoa and Tonga, major partners including Australia, New Zealand and the World Bank all contribute relatively similar amounts. Trend data is available for Fiji, Samoa, Tonga and FSM and is shown in Figure 1 as percentage of donor contribution to total health expenditure.



The situation in FSM is notable in that more than 60% of total health expenditure in the country is donor funded – almost entirely from United States government grants. Public

financing only accounts for approximately 10% of health expenditure revealing that the government of FSM is almost entirely dependent on external funding.

The NHAs also provide data not only on the percentage contribution by external actors but also the amount of the contribution. The US contribution to FSM stands out at almost US\$200 per person – many times that seen in Tonga, Fiji and Samoa.

The methodology is able to provide further information on what activities receive funding from external sources. Specifically, 30% of the financing for the category “prevention and public health services” in Fiji comes from external donors suggesting some level of dependence. Similarly, external contribution to the public health category in Vanuatu in 2007 was 34% of total and in Tonga, 51% of funding for “prevention and public health services” came from donors.

In summary, Fiji is less dependent on external sources than Samoa and Tonga which, in turn, are less reliant than FSM. The country specific data is critical to understanding health sector financing and possible areas that require alterations.

We acknowledge that the data provided is not perfect and likely does not represent the precise situation in the Pacific. Despite the clear benefit from having this type of financing information for planning and coordination, NHA experience has shown that it remains difficult to gather the data necessary to differentiate external funding by technical area or health system function. A considerable part of this difficulty arises from a lack of financial transparency from donors.

The implications of the large funding contribution made by external partners for public health activities are considerable as there is risk of development assistance influencing priorities. An earlier [working paper](#) [pdf] published by the Nossal Institute suggested that external allocations may follow donor priorities rather than domestic focus areas or general health systems strengthening. Despite much higher mortality rates from non-communicable diseases in the Pacific, external funding for HIV was found to be considerably higher than for NCDs. From 2002 to 2009, funding totalled US\$68 million for HIV and US\$33 million for NCDs.

The discrepancies between disease burden and external financing suggest that funds might be directed to areas that do not necessarily match PIC priorities or needs. Donor dependence in the area of public health has considerable risks and greater discussion of how these funds are allocated and to which focus areas needs to occur. That being said, AusAID and others have increasingly provided direct funding support to national budgets through sector support programs that reduce the potential for distortion.

The issue of donor dependence is a difficult one. There is no clear definition as to what constitutes dependence. Is it 9% as in Fiji or only once the external contribution approaches 60% as in FSM? When the Australian government notes that Australian funding will be a “significant feature of budgets” in some PICs, does that suggest an external contribution of 10%, 30% or more? Have these questions been asked? Or is dependence more an issue of influence rather than amount?

Given the size of PICs and their state of economic development, some level of ongoing support from partners is to be expected but the question that arises is what level of donor support is considered “safe” and at what level does the support become dangerous “dependence.” Do development partners ask these questions when determining their financial support to the sector?

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7. Agriculture in Samoa: changing farmers mindset is only one part of the solution

Afamasaga Toleafoa, January 20, 2014



Samoa’s underperforming agriculture continues to invite comment and prescription. When giving the keynote address at the USP Economic Dialogue at Alafua Campus two or so weeks ago, Deputy Prime Minister Fonotoe Pierre suggested among other things that what was needed to raise agricultural productivity was a changed mindset by Samoan

farmers. Referring to the economic transformation that took place in the economies of Japan and Korea, Honorable Fonotoe stated that “We seem to be faced with a challenge of farmers who are hesitant to change their mindset into new innovative methods of agriculture.”

The need for a changed approach to agriculture in Samoa has long been recognised. But it is not farmers who have stood in the way of change. Take for example the Fruit and Vegetable Sector Strategy 2009-2015 (F&V Strategy), an initiative of the International Trade Center (ITC) with EU funding and farmer participation. The strategy was designed to promote and sustain the kind of change Honorable Fonotoe referred to, in the growing, marketing and processing of fruits and vegetables in Samoa. The plan had

everything, including the participation and eager support of farmers. But it never received the funding and institutional support needed for its effective implementation. Only government and, in Samoa's case, donors can muster this kind of support, and it never arrived.

Then there is the current Samoa Agriculture Competitiveness Enhancement Project (SACEP) 2012-2017 (or World Bank loan project), an offshoot of the F&V Strategy. Opened officially in June 2012 after months of consultations and planning with farmer involvement, the plan appears today to be totally mired in red tape. Farmers have played their part and have completed the tedious application and training process, and now they wait and wait again. Eighteen months after the project launch and lavish official promises of help for farmers, the only moneys disbursed to date have been to buy the Ministry of Agriculture's fleet of ten new vehicles.

The Agriculture Sector Plan 2011-2015 is an even more comprehensive blueprint to "revitalize the agriculture sector to increase its relative contribution to the national GDP from its current level of 10% to 20% by 2015". The plan, like the F&V Strategy, sets out in detail the institutional and funding requirements to make this happen. Like the F&V Strategy, it was also not a government initiative. Donor support was behind the plan, while farmers once again played their part in the planning process. Today, farms continue to farm under their own steam and sweat as they wait yet again for the slow machinery of officialdom to grind on interminably.

The plan is almost halfway through its five year life span. But with many of the key building blocks and institutional support still to be put in place, the chances of its lofty objectives being achieved are not bright.

Farmers are the first to recognize the need for farming in Samoa to change to a more market driven approach. But they cannot do this on their own. Government leadership is needed, as is the commitment of adequate resources to do the task. The Samoa Farmers Association's Strategic Plan 2011-14 has as its mission statement, for example, "To provide commercially oriented smallholder and village based farmers with the opportunities and skills to increase their income and food security from farming." The plan's underlying theme reads: "Farmers and marketing/processing enterprises working together as drivers of the agricultural sector with SFA enhancing the linkages between the two."

The Association and its members are doing their part, but that can only go so far given the resource and institutional constraints facing agriculture in Samoa. Only government can provide the enabling environment for farmers to get on with the business of farming.

For many years, government agricultural policy has been to ensure food security and the availability of Samoa's staple food crops. 'Talomua' was the flagship of this policy, where production at village level is organised using the offices of the *Pulenuu* and village councils. Incentives were in the form of cash prizes dished out at the annual Talomua farm displays/competitions. The strategy may have produced adequate food staples, but it has little value in terms of being transformational or sustainable. Talomua is firmly anchored in maintaining the status quo, not in changing mind sets and way of farming.

Farmers often get blamed for the poor performance of Samoan agriculture. But as was quite rightly pointed out in the Agriculture Sector Plan, farming is a risky and difficult way of making a living. Apart from the natural disasters and vulnerability to overseas competition, farming in Samoa must also put up with the high cost of inputs, small markets, low labour productivity, widespread stealing, and substandard agricultural infrastructure and support services. Farmers can do very little about these conditions and must rely ultimately on government leadership and direction to create an environment more conducive to farming as a business.

And given the reality of farming in Samoa, is it any wonder that farming has little attraction for parents or their children? Government scholarships on offer at the Alafua School of Agriculture go begging every year for lack of interested students. And those who study agriculture end up in administrative positions. In the circumstances, the glowing description of Samoa as having "vast lands, fertile soils and plentiful supply of labour, sunshine and water suitable for farming" can only originate from those not directly engaged in farming. Telling people to go back to the land sounds horribly hollow when coming from those who have abandoned the land for greener pastures elsewhere.

2014 is designated "[International Year of Family Farming](#)" by the World Rural Forum. That choice is in recognition, belatedly it appears, of the pivotal role family farming plays in shoring up national economies, providing employment, generating exports, enhancing national and world food security and providing a sustainable way of life for the majority of the peoples of the world. Farming in Samoa is almost 100% family farming and we welcome the new focus on family farming, after years of neglect, as the world looked to large scale commercial production instead as the way of the future. Our own government appears to have bought into this large scale production caper as shown by the ongoing ADB funded initiative to "free up customary land for economic purposes".

In the first place, revitalising Samoan agriculture and the economy of rural communities calls for engagement with Samoa's family farmers, the smallholders that own and work 80% of the land. It also calls for a genuine partnership between government and

farmers and farmer organisations, with a clear understanding of their respective roles. Government should decide what its role in agriculture is and then stick to it. Start providing, for example, the institutional support and economic infrastructure that's been absent from agriculture for so long. Stop flip-flopping from one miracle cure to the next miracle crop. There isn't any. Stop wasting scarce resources on white elephants that stand empty today, like the markets at Salelologa and Vaitele, as monuments to too much power in too few hands.

Simplify the leasing of customary land as part of the agriculture support system by all means, and within the constitutional safeguards against Samoan families losing ownership and access to their source of sustainable livelihood. The present project to facilitate the leasing of land and using these leases to raise finance should be in support of family farming, not an alternative as it is currently promoted. And if customary land ownership is the problem, as promoted by advice from outside Samoa, why not start by making available to these would-be investors the hundreds of acres of government land under nonperforming leases at present? Start with lands that have been lying idle for years under Samoa Trust Estate Corporation (STEC) and Samoa Land Corporation (SLC).

Get these lands under production first, if this is the next miracle cure, before tampering with a system of land tenure that is serving and will continue to serve the best interests of the people of Samoa. The value of land in Samoa is a great deal more than its economic potential. And we cannot expect outside experts and consultants to understand that, even if some do try their best. Yes, there is a need to make full use of our land's untapped economic potential to enhance food security and stimulate growth in other sectors. But in doing so, let us also bear in mind that Samoa's comparative advantage in terms of the global economy does not lie in agriculture.

In the face of deteriorating terms of trade starting in the late fifties, and contrary to all the "expert" advice on the dire consequences of dependence on remittances, ordinary Samoans knew best what was good for them and their families, and by extension for the country's economy. The result is an economy with far better prospects of weathering today's changing climate and of integrating into the global economy through closer economic and other ties with the region's strongest economies, Australia and NZ. Imagine what a hole we would be in, with the reality of climate change, had agriculture remained the mainstay of Samoa's economy as before!

As to the present state of agriculture, with minimal support and in the absence of clear government leadership and direction, farmers have shown they are more than capable of making the changes needed to get the best out of Samoa's limited resources of land. What they want to see to start with is less blame shifting and finally some action on the

SACEP (World Bank) project and on the Agriculture Sector Plan. Both are designed to help farmers to transform Samoan agriculture.

This article first appeared in the Samoa Observer.

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8. Energy poverty and access to electricity in the Pacific: heading in the wrong direction?

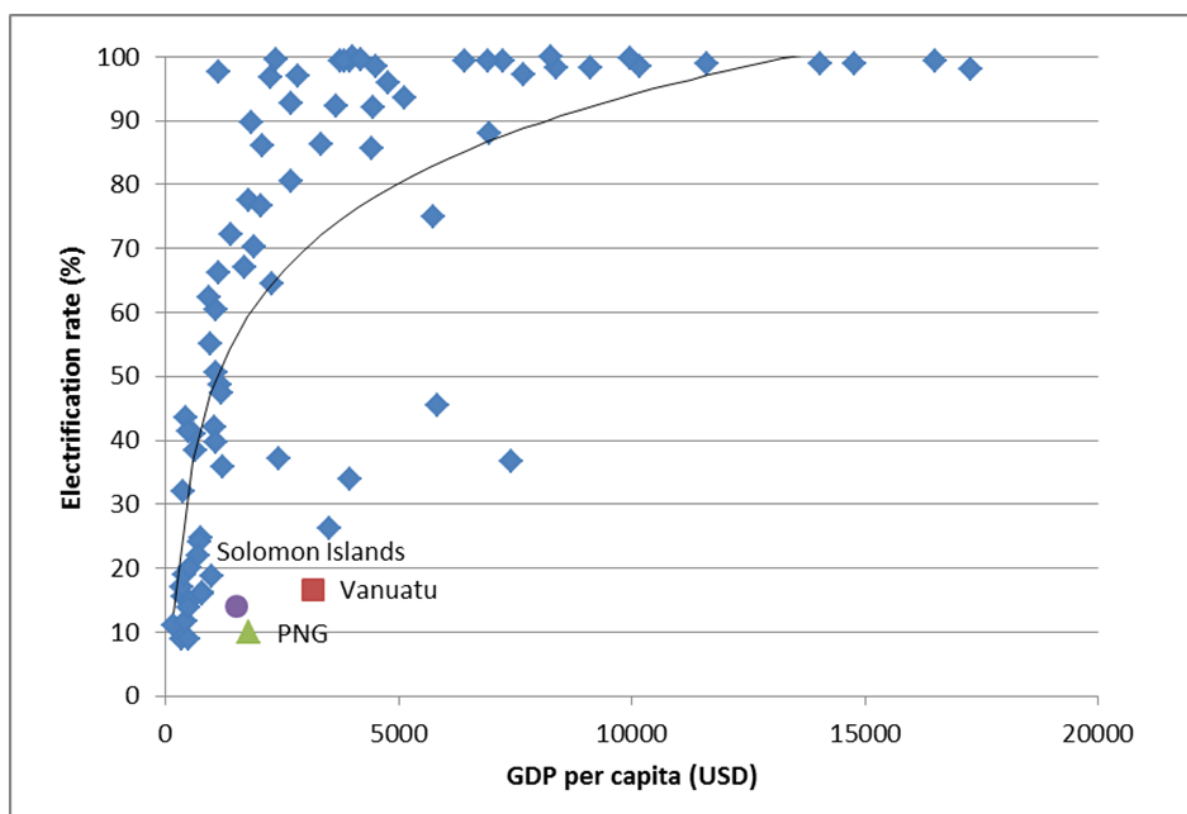
Matthew Dornan, February 10, 2014

Energy poverty is widespread in Pacific island countries, including PNG. It is estimated that 70 percent of households in the region do not have access to electricity and 85 percent do not have access to clean cooking energy technology. This is low by international and regional standards, being equivalent to access rates in sub-Saharan Africa, and slightly below the average for low income countries (despite higher income levels in much of the Pacific).

Energy poverty, or the lack of access to modern energy services, is a concern given its development [impacts](#). Limited access to electricity is a barrier to economic activity and the delivery of key public services, including health, education and infrastructure services. At the household level, un-electrified households have been shown to spend more on energy than do households with access to electricity. This commonly takes the form of fuels for lighting, such as kerosene.

In a paper that was recently published in *Renewable and Sustainable Energy Reviews* (available [here](#) [pdf]), I examine reasons for the low rate of access to electricity in the Pacific, and assess whether we are heading in the right direction – i.e., is access to electricity in the region improving? The short answer, based on the available evidence, is ‘no’. There has been very limited progress in widening access to electricity in rural areas – which is where the vast majority of Pacific households without access to modern energy services reside. This is particularly true in Papua New Guinea (PNG), Solomon Islands and Vanuatu, where electrification rates are lowest, being below what would be expected given per capita income levels (see Figure 1). These countries also feature high levels of population growth.

Figure 1. Access to electricity and GDP per capita



There are a number of reasons – elaborated in the paper – for why access to electricity in rural areas is so low in the region.

One relates to spending on rural electrification. The high upfront cost associated with rural electrification means that subsidisation is generally required (this is subsidisation for the upfront cost of distribution lines, or wires, and additional generation capacity – ongoing supply costs can be met through user fees, although often aren't, as detailed below). But government resources that are dedicated to rural electrification in the Pacific are limited. In Solomon Islands for example, where it is estimated that just 12 percent of the population has access to electricity, the rural electrification in 2012 totalled just US\$1.34 million (and this represented an increase on previous years). In Fiji, rural electrification spending is less than US\$10 million, while tax concessions and contingent liabilities associated with grid-based investments measure in the hundreds of millions of dollars.

The very [ambitious](#) renewable energy targets of Pacific island countries, I argue, are a concern in this respect. Governments, in order to meet these targets, will require substantial investment in renewable technologies. But the bulk of this investment will be in areas where there is already access to electricity – rural electrification has only a very minor impact on enabling countries to meet renewable energy targets, given low

levels of demand for power in rural areas. There is, therefore, the potential for renewable energy targets to divert attention and the funding of governments and development partners away from rural electrification.

There are already indications that this is occurring. At the [Pacific Energy Summit](#) in March 2013 (a critical review of which was provided on this [blog](#)), governments of Pacific island countries provided a list of current and proposed projects in the energy sector. The list is not a comprehensive overview of spending in the energy sector, but it does indicate projects for which Pacific island countries seek funding, and therefore provides insight into the priorities of governments. Projects that focus on expanding access to modern energy services (including electricity) accounted for 4 percent of the total value of projects on the list. The vast majority of projects involve power generation for urban electricity networks (known as “grids”) using renewable technologies.

The reasons for limited progress in widening access to electricity are broader, of course. One important factor is the way in which existing subsidies – both explicit and hidden – are spent. The bulk of subsidies are currently directed toward maintaining low residential electricity prices – primarily for urban electricity grids. In other words, subsidies are directed toward maintaining low prices for households that already have access to electricity, not for broadening access to electricity. These subsidies can take the form of periodic injections of capital to power utilities that are in financial distress, tax breaks, loan guarantees or explicit budget allocations. These universal subsidies disproportionately benefit high income households, and do not accrue at all to un-electrified households (a more effective arrangement involves lifeline tariffs/prices for low levels of use, which better target low income households – this is explained in the paper).

A related issue is the common practice of urban households cross-subsidising electricity consumption among rural households through a uniform electricity tariff/price. Cross-subsidisation has the effect of limiting the extension of electricity grids into rural areas, as the cost for the power utility of supplying a *rural household* may exceed the electricity tariff/price. This means that the electricity utility has no commercial incentive to extend the electricity grid – even where the upfront cost of this extension is subsidised by government.

Indeed, incentive problems are not only the result of cross-subsidisation. A recent [benchmarking survey](#) of Pacific power utilities suggests that there are six utilities that make a loss on every unit of power that they sell. For these utilities, there is no commercial incentive to expand access to electricity – to do so would only result in further financial losses.

Regulatory reform is required to address such issues. Indeed, a key argument of the papers is that Pacific island governments, to expand access to electricity, must reform institutional arrangements in the power sector.

The points raised so far highlight the barriers to the extension of urban and peri-urban electricity grids into rural areas. But what about rural electrification in areas where the electricity grid will never extend? The geography and population distribution of countries like PNG, Solomon Islands, Vanuatu, FSM and Kiribati makes the installation of off-grid systems crucial. Yet subsidies directed toward electricity consumption in urban areas far outstrip government funding for installation of off-grid systems, such as village-based diesel generators or solar home systems.

These priorities should be reversed. In the paper, I argue for increased funding to be directed towards rural electrification using off-grid systems, and for these resources to be made available by reducing universal subsidies for power consumption among households connected to the electricity grid/network. To widen access to electricity in remote areas, however, institutional arrangements that facilitate the maintenance of off-grid systems must be established. This is likely to be a challenge. Past donor and government-funded off-grid rural electrification projects have often had limited impact due to the failure of off-grid systems. I canvas a number of approaches that could be used to ensure adequate maintenance – notable among them being a concession model where a private company or large-scale community cooperative is responsible for the operation and maintenance of off-grid systems. The approach is certainly not a panacea, but its effective use in parts of Africa and Latin America suggests that it warrants consideration.

This blog post summarises a journal article published in Renewable and Sustainable Energy Reviews. A copy of the paper can be accessed [here](#) [pdf].

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9. The Pacific Solution and Nauru's coup by stealth

Tess Newton Cain, January 23, 2014



The implosion of the legal system in Nauru has been described as a “coup by stealth” by David Lambourne, a former Secretary of Justice for Nauru. He left the country after having had his appointment terminated in 2011 following the fall of the government led by [Marcus Stephen](#). The deportation of the Resident Magistrate, cancellation

of the Chief Justice's visa to enter Nauru and resignation of the Solicitor-General (for details, see [here](#), [here](#) and [here](#)) are part of what Lambourne characterises as a comprehensive programme to return Nauru to the ‘bad old days’.

Prior to 2004, Nauru was a democracy in name only with the cabinet effectively ruling by fiat. There was no commitment (or even lip service) to any form of checks and balances on executive action and no understanding of the need for administrative decisions to have a lawful basis. Some degree of ‘progress’ was made during the 2007 – 2011 period, which may come to be seen as the high point as far as good governance applies in Nauru. However, in the period of November 2011 to mid-2012, and more recently since the change of government in June 2013, there has been a comprehensive removal of office-holders who are seen to stand in the way of government will and whim. This includes the [Commissioner of Police](#), the Secretary of Health, the Secretary of Justice and others, most recently the Resident Magistrate Peter Law.

The government of Nauru has effectively done away with the rule of law in that country. The essential institutions have been severely compromised. The replacement Resident Magistrate who arrived on the island on 20 January was appointed without any reference to the Chief Justice, rendering his appointment in breach of the [Courts Act](#). This immediately calls into question the validity of any decisions he might make, including in relation to the deportation of Rod Henshaw (a former government media adviser) and Hareef Mohammed (a long term Fijian resident). Given the circumstances in which the appointment of Andrew Jacobson was made, it is hard to be confident that he enjoys [judicial independence](#) as it is most commonly understood.

Whilst it is possible for Chief Justice Geoffrey Eames to continue to exercise his judicial powers without being physically present in the jurisdiction, there are no meaningful

enforcement mechanisms available to him. Geoffrey Eames is renowned for his robust approach (which is exemplified [here](#) [pdf]) and is not expected to allow himself to become a pawn in this or any other political game. In theory, he has the protection of constitutional tenure for another 7 years. However, there have already been mutterings within government that if it is not possible to sack the CJ they will call a state of emergency, suspend the constitution and remove him at that point.

Lambourne, who spoke to me from Australia, points to the recent [hike in visa fees for journalists](#) as evidence of how the Nauru administration now operates. In order for such a fee to be lawful there would need to be regulations in place. No such regulations exist, there is only a cabinet decision that the cost of the visa should be \$AU8,000 but this has been acted upon without question by relevant officials. Senior positions within the Nauruan bureaucracy are being filled with people (including expatriates) who can be relied upon to execute cabinet decisions without question.

For the first time in many years, the government of Nauru has plenty of cash at its disposal. Thanks to the economic boost provided by the Regional Processing Centre (by way of visa fees and increased revenue through duties and customs revenue), Nauru is no longer as dependent on aid as was previously the case. So, with hindsight, it appears that the 'Pacific Solution' has contributed to a 'perfect storm' with the government having increased funds available at a time when those in power are actively seeking to throw off the perceived shackles of good governance.

It is hard to overstate the precarious nature of the legal environment in Nauru right now. The government has made much of the impending return to the country of [commercial banking services](#), courtesy of Bendigo Bank. It is hard to imagine that a prudent banking operation would countenance setting up in a jurisdiction that is operating with a total lack of, what Lambourne calls, 'legal rigour' (although the bank has said it is [continuing](#) to work towards opening a branch on Nauru). No one living on Nauru can be confident of having their rights or interests protected by law as things currently stand. And this includes Australian citizens currently resident on the island.

Lambourne is emphatic in his agreement with CJ Eames that these moves are purely politically motivated. Other commentators have described them as being driven by 'venal politics'. And Lambourne's perspective is that the real driving force behind these moves is not President Waqa, who is generally perceived to be well meaning but largely ineffective. Rather, the puppet master is David Adeang who holds two ministerial portfolios – justice and finance.

The government of Australia has been cautious in its response to this 'coup by stealth'. Initially, Scott Morrison declared that it was purely an [internal matter](#). Subsequently, DFAT has [expressed concern](#) via the offices of its High Commissioner to Nauru. The

relationship between Australia and Nauru has the regional processing centre at its heart. It is not in the interests of either government to damage a connection that is of such mutual 'benefit'. But these events open up the nature of the relationship between these countries to increased scrutiny and, not surprisingly, [significant criticism](#).

Lambourne confirms that internal politics is what is driving this situation, but Australia should be very concerned about the impacts of what has happened recently. The processing regime set up by Nauru (with the assistance of Australia) envisages an avenue of appeal for asylum seekers whose applications are refused at first instance to the Supreme Court of Nauru and ultimately the High Court of Australia. As discussed [here](#), Australia has shifted the burden of responsibility to the legal system of Nauru. If that system is compromised (and according to Lambourne and other sources close to Nauru it most certainly is) then it is difficult to have confidence that asylum seekers can have the legal protections to which they are entitled. This puts both Nauru and Australia [at risk](#) of being in breach of obligations under international law.

Meanwhile, the case to determine the validity of the deportation order against Rod Henshaw and others has been adjourned indefinitely. This means Mr Henshaw can (for now at least) remain in the country where his (recently) deceased wife is buried. Elsewhere, the Australian wife of an opposition MP has had her residency visa cancelled so she is unable to return to her home and family on Nauru. These are just some of the personal impacts arising from this political wrangling; there may well be more to come.

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10. Small isn't always beautiful: how smallness undermines public financial management in the Pacific and what to do about it

Tobias Haque, David Knight and Dinuk Jayasuriya, January 22, 2013



“Public financial management systems are the engine room of development” – Emilia Pires, Finance Minister, Timor-Leste.

Much attention is currently being paid to public financial management (PFM) in Pacific Island Countries (PICs). Improving systems for raising tax revenues, allocating resources between ministries and sectors, and achieving value for

money through public expenditure is a stated priority of governments and donors across the region and most PIC governments now have some kind of PFM reform process in place. These processes are generally supported with enthusiasm by donors, who increasingly make use of country financial management systems in delivering aid.

But PFM reform is an arcane field, in which there is surprisingly little agreement as to appropriate models and the relative priorities of reform efforts. While PICs are often considered to have “weak” PFM systems, there is little analysis of how their systems differ from those in other developing countries. Few explanations for weakness have been presented beyond vague appeals to “culture” or “governance”.

In our recently-published [World Bank Policy Research Working Paper](#), we use PEFA assessment scores (a standardised international scorecard for measuring the quality of various aspects of PFM systems) to empirically examine patterns in the PFM performance of PICs. We look at the performance of PICs relative to other countries and attempt to identify causes for their apparently weaker performance and find that:

- **Income and population size exert a significant influence on the PFM performance of all countries.** Smaller countries face a significant size penalty in PEFA scores. Taking account of differences in income, small countries have weaker PFM systems. Overall, the weaker performance of PICs can be entirely explained by their smaller population sizes once their levels of income are taken into account.
- **Population impacts on the PFM performance of small countries through the imposition of capacity constraints.** The weaker performance of smaller

countries is largely driven by problems in undertaking PFM functions that require specialised skills. Small countries with smaller public services (in absolute terms) find it harder to recruit and retain people with the appropriate skills. These capacity constraints are avoided by countries that have populations adequate to provide a critical mass of the required skills and resources. The lag in performance from capacity constraints associated with smallness seems to outweigh any potential benefits of smallness, such as a smaller number of administrative units, less spending through sub-national governments, or easier communication.

- **Population size exerts the most significant constraint on PFM functions that are technically specialised and need to be carried out beyond central agencies.** Available technical capacity in small countries is often concentrated within central agencies, which also typically benefit from external technical assistance to PFM processes and reforms. PFM functions that can be undertaken within these ministries are therefore performed better than technically-demanding functions that must be carried out at the level of line agencies. Smaller countries therefore lag furthest in the technically-demanding functions that are required outside of central agencies.

The primary lesson to be gained from our analysis is that the scope and ambition of PFM reform needs to be appropriately calibrated to the context of small PICs. PICs face fundamental disadvantages in implementing standard PFM systems because of inherent skill gaps. It is therefore unrealistic to expect them to successfully implement PFM systems employed in much larger countries at similar levels of income.

We identify three important implications of this analysis for governments and donors involved in PFM reforms:

1. **Ensure that scarce capacity is prioritised towards the reforms that will have the greatest impact on the achievement of service delivery or other policy objectives.** If a country has, and is likely to continue to have, only a small pool of qualified accountants, lawyers, IT specialists, or individuals experienced in financial planning, then it is important that they are used where they can have the greatest impact, and sufficiently concentrated to achieve results. PFM reform efforts should be targeted toward the weaknesses in PFM systems that are exerting the greatest constraint on the achievement of broader development objectives.
2. **Examine the balance in external assistance between central and line agencies.** Donors tend to focus technical assistance support to PFM reform within central agencies. But the capacity constraints faced by small PICs have the

greatest impact at the level of line agencies. The areas in which small PICs perform particularly weakly are unlikely to be well-addressed by technical assistance or PFM reform programs centered on Ministries of Finance. It may be useful to consider whether the achievement of particular reform objectives requires additional technical assistance and capacity building at the line agency level, where capacity constraints are most severe.

3. **Recognise the likely ongoing nature of capacity constraints and the need for capacity supplementation.** Small PICs lag behind other countries in PFM areas that require specialist capacities. These capacities are not easily built or retained. It may be necessary to consider options for accessing international capacity on a continuing basis if capacity constraints to achieving a priority policy objective in PFM are unlikely to be surmountable with local resources alone. While some capacities can undoubtedly be developed locally, others will need to be “imported” on a continuous basis over the long term.

Tobias Haque and David Knight are World Bank Economists. Dinuk Jayasuriya is a Research Fellow at the [Development Policy Centre](#), ANU.

PACIFIC CONVERSATIONS

1. Tara Chetty: Fiji democracy and women's rights

Tess Newton Cain and Tara Chetty, August 6, 2013



Whilst in Fiji recently, Tess Newton Cain met Tara Chetty of the [Fiji Women's Rights Movement](#) (FWRM). You can listen to a podcast of their conversation [here](#) or download the full transcript [here](#). But for the edited highlights of what they discussed, read on.

FWRM participation in the constitutional process in Fiji

We started our discussion with how the FWRM had been working within the context of the processes around developing a new constitution for Fiji. The FWRM has been part of a wider Women's Forum, which undertook a range of activities with particular focus on promoting women's participation in decision-making. They achieved considerable success in relation to the Ghai draft (e.g. inclusion of special temporary measures to ensure more women in Parliament). However, its rejection by the interim regime and replacement with a radically different document posed a significant challenge. Working within the wider People's Forum, the members of the women's forum continued their work of creating a "democratic space in a non-democratic context":

"So the People's Forum, which was made up of all different sectors, became a sort of people's constituent assembly where we debated — we had been looking at the Ghai Draft — but then very quickly mobilised to have a look at the government draft as well and compare them, and of course we came out with some big concerns about the absence of women in the government's draft and the paring down and limiting of rights in the government's Bill of Rights."

A particularly significant aspect of how the women's forum reacted to the [dislocation of the process](#) by the interim regime was its ability to caucus and mobilise quickly. They moved rapidly beyond mere reaction and shared a gender analysis of the revised draft to help others respond knowledgeably to the government draft in a very short time-frame

Women's political representation in Fiji: opportunities and challenges

The very particular political context in Fiji presents a major opportunity to move away from 'business as usual' when it comes to promoting women in politics:

“I think that any point of disjuncture, when the social contract is being renegotiated, provides an opportunity. The Pacific as a region has the lowest (among the lowest) representation of women in formal decision-making. As we’re embarking on kind of a return to democracy and we’re creating a new framework, perhaps now it is really important to keep pushing this: this is the moment to push this agenda.”

In terms of methods available to capitalise on the opportunity, focus is now shifting from what goes into the constitution to working with political parties to support female candidates, up-skilling women who are seeking election and raising awareness among the voting public about inclusive leadership and representation.

However, there are also some very significant challenges to be faced. In particular, the military-run state is inherently hostile to women and has demonstrated a particular antipathy towards ensuring women participate as elected representatives. In addition, prevailing social norms in Fiji are essentially conservative. Although there are women chiefs, women generally occupy subordinate positions in Fijian households.

Gender based violence

As is the case elsewhere in the Pacific, gender-based violence is a serious issue in Fiji. It is a very particular manifestation of the same social norms that undermine the status of women more generally and social acceptance of women as political representatives. Within civil society, the [Fiji Women’s Crisis Centre](#) provides the lead in this area. Their work has indicated that the machismo associated with military rule, combined with a political crisis, plus the associated socio-economic problems has likely worsened gender-based violence. Not only that, but there has been a ‘rolling back’ of positive measures such as the effectiveness of ‘no drop’ policies as a result of militarisation of the police services.

The wider political landscape in Fiji

The impact of a prolonged period of military rule on the amount and nature of political engagement is very significant. In particular, young people are highly disengaged from political processes and activism because it is not something they are familiar with:

“...most of their experience has been in a military state, so they don’t have experience of what it means to be an active citizen in a democracy. And they are really going to be facing serious challenges in trying to make decisions about picking leaders and their expectations of what a democracy is as voters.”

Although there are certainly pockets of young people involved in pro-democracy work in Fiji, there is still a lot to be done to try and engage that group in the wider process in the lead up to the 2014 elections.

The future role of Fiji in the Pacific region

Despite current political and economic difficulties, Fiji continues to be a hub for the Pacific as a whole. Its exclusion from the Pacific Islands Forum has meant that it has focused on other relationships, including within the Melanesian Spearhead Group whose [influence is growing](#). Other countries in the region look to Fiji and observe how it is conducting itself politically and diplomatically:

“It’s really important to take Fiji back to democracy and to try to get that democracy working from a human rights based perspective ... because of its influence across the region.”

This post continues our [Pacific conversations series](#), where Tess interviews Pacific leaders and influential figures.

[Tess Newton Cain](#) is a Research Associate at the [Development Policy Centre](#). Tara Chetty is Program Director at the [Fiji Women’s Rights Movement](#).

2. In Conversation with Sir Mekere Morauta

Mekere Morauta and Tess Newton Cain, April 8, 2013



Tess Newton Cain got a chance to meet up with Sir Mekere Morauta whilst he was in Port Vila recently. You can listen to the podcast of their conversation [here](#) and read the full transcript [here](#). For a summary of what they discussed, read on...

The main topic of conversation was the [ongoing review](#) of the Pacific Plan – Sir Mekere is the eminent person leading the review team. The team was in Vanuatu to undertake consultations with government, civil society and academics as to how the Pacific Plan should be reformed.

In considering how the region had changed in the years since 2005 when the Pacific Plan was adopted, Sir Mekere identified the increased presence and influence of China. Whilst he noted that: “*The Pacific Plan is a regional framework. It’s a club. And China is not a member of that club*” he also observed, “*China is here to stay. And the leaders are welcoming China staying. The question remains is how do we integrate Chinese aid with other donors, multilateral and bilateral?*” Another change that Sir Mekere discussed was

the increased prominence of sub-regional groups, such as the [Melanesian Spearhead Group](#) and the [Polynesian Leaders' Group](#). But rather than seeing their increased visibility as a threat to regional architecture, he posed the following question: *"What are the roles that regional groups can play to strengthen regionalism, cooperation, and integration?"*

In assessing the implementation of the Pacific Plan to date, Sir Mekere commented, *"There have been successes, failures, and others remain unimplemented."* In terms of the successes he made particular mention of the [University of the South Pacific](#) (USP) and the [Forum Fisheries Agency](#) (FFA). At the other end of the spectrum, the [Pacific Forum Line](#) and [Air Pacific](#) have not fared as well in terms of regional delivery of public goods. And then there were other Pacific Plan priorities that have not been implemented, such as bulk purchasing of fuel and pharmaceuticals. However, on the question as of why some initiatives had been more successful than others, he was disarmingly candid: *"There's no easy answer. Because Forum Line is clearly much needed in the Pacific, but it has failed. Why? I don't really know. I don't know".*

In terms of what might be a way forward post-review, he stressed the importance of setting priorities that were designed to engender political ownership on the part of Pacific island governments and buy-in from development partners. But underpinning all of this: *"Pacific island countries, as independent nations, must see that this is of benefit to them when it is implemented regionally. Because all of this requires pooling of sovereignty, giving up of some of yours."*

Sir Mekere outlined the methodology being used by the review team (who will travel to 18 countries in total comprising the 16 member states and two associate members: New Caledonia and French Polynesia) in the following terms: *"digging and drilling and hunting and gathering of information, and processing that"*. He also identified that there was an opportunity for any interested individual or group to contribute to the review by making a submission through the dedicated [website](#):

"We have not only [been] talking to leaders, prime ministers, foreign ministers, finance ministers, directors general, secretaries, environmental heads, businesspeople, professional organisations – we are inviting submissions from different groups. And it's up to them to tell us what they want to make it public or mix it up with all our materials. So we welcome submissions from individuals and organisations in the Pacific."

In response to those who have characterised the Pacific Plan as a [failure](#), Sir Mekere put forward this challenge: *"I think I'd want people to also talk about why it failed. Just to say failure, is not helpful. I think people who are trained to think should go deeper and point*

out why it failed, and in what areas should we repair. Because this review is a repairing job, repair the failures of the past to make sure we go into the future.”

Turning to the question of how more or better political ownership of the Pacific Plan might be engendered in the future, Sir Mekere acknowledged that this was a difficult issue but identified a possible way forward: *“we’ve got to have stronger, more disciplined processes that involve most importantly the leaders. Leaders getting into more detailed discussions, of the costs and benefits of regional initiatives.”*

Sir Mekere acknowledged the challenges posed by Fiji’s exclusion from the Pacific Islands’ Forum, whilst noting that the underlying issues required political solutions: *“Fiji is a very important country in the Pacific. A leading country ... We look to Fiji as a partner. And Fiji has not been there. For Pacific regionalism, it’s not helpful.”*

He also identified problems in relation to the structure and functions of the Pacific Islands Forum Secretariat (PIFS), some of which have been canvassed [elsewhere](#). He noted, *“it’s all wrong in the regional architecture. Because that’s the body that’s closest to the leaders. Can it play a more coordinating role than it is doing now? More Forum leading rather than in a group. And make that connection between agencies and the leadership and the priority setting.”* With reference to the review of the Secretariat last year, he endorsed the approach of waiting until the Pacific Plan was revised before making significant adjustments to PIFS.

Mekere Morauta is the Review Leader of the 2013 [Pacific Plan Review](#). Sir Mekere served as the sixth Prime Minister of Papua New Guinea between 1999 and 2002, and later as Leader of the Opposition. He continued to serve in leadership roles in Government until May 2012, when, after twenty years in Parliament, he announced his retirement from politics.

[Tess Newton Cain](#) is a Research Associate at the [Development Policy Centre](#). Based in Vanuatu, she specialises in developing knowledge connections to support policy-making in the Pacific island region.

3. Nauru: politics, asylum seekers & more

Tess Newton Cain and Katy Le Roy, September 20, 2013



Tess Newton Cain was able to catch up recently with Katy Le Roy who spoke to her from Nauru for the latest [Pacific Conversations](#) interview. You can listen to a podcast of their conversation [here](#) or read the full transcript [here](#). But for the highlights of what they discussed, read on.

We started by discussing the issue of political instability in Nauru. Katy identified a number of reasons for the most recent period of instability, which preceded the most recent elections in June of this year:

“I think the main ones are probably ego and the competition for power that is common to politics in most places, disagreements between members of Cabinet about the way things should be done. And unfortunately, some perverse incentives to cross the floor.”

However, as Katy pointed out, instability of the type we have seen recently has been a feature of the political landscape dating back to independence in 1968, with only two governments having successfully completed a full 3-year term. She identifies some particular aspects of Nauru politics that have contributed to this:

“... one of the main reasons for that constant instability is that we don’t have a political party system in Nauru. So effectively, you have got a parliament full of independent members. And the members obviously form alliances with each other, but those are generally pragmatic alliances. They are not based on any shared ideology or shared policy agendas. And so, they are very fluid alliances.”

In addition, governments often have very slim majorities so it only takes one or two people to cross the floor and the government can be brought down, something that has happened on numerous occasions.

The current parliament consists of 14 government members and five members in opposition. But does this mean the issues relating to instability have been resolved?

“... it sort of looks I guess from the outside like having 14 members in government and five in opposition might be a good thing for stability and it might look as though the problems of instability are being solved. But obviously in Nauru, things are never quite that simple. And among the 14 members on the

government side, there is still considerable competition for the leadership. And there are three or perhaps four subgroups among those 14.”

The political environment of Nauru provides a backdrop to what is perhaps the most significant policy issue at present, the use of the island as a site for offshore processing of asylum seekers by the government of Australia. The nature of the agreement between Nauru and Australia has varied over time, with the most recent iteration including a provision that people who are found to be refugees may be permanently settled on the island. Katy identified this as an important change:

“This time around, Nauru is expected to do the refugee status determination. And that is a huge burden on our very small bureaucracy. And I think the whole arrangement is clearly designed to shift the burden of legal responsibility for the asylum seekers from Australia onto Nauru. So that’s a very significant development.”

In terms of the economic impacts of the regional processing centres, Katy identified both positives and negatives. The centres generate significant revenue for the government of Nauru, through visa fees for asylum seekers housed there with those fees (currently in excess of AU\$500,000 per month) paid by the government of Australia. There are other positive impacts, including employment opportunities and payment of rents and lease payments. However, there are also negative impacts:

“... in terms of service delivery. And so, a few months after they reopened the centre, the head of the Nauruan public service sent a notice around to all heads of department saying that there had to be a freeze on the hiring of any new expat staff for government departments because there was no accommodation left on the island to house these people. And so, that meant in effect no new medical staff could be hired at the hospital or no expat teachers, no advisors to any government departments because the Australian department of immigration and their service providers had taken up all of the available accommodation on the island.”

In relation to the issue of whether asylum seekers would be allowed to live in the community whilst being processed, as has been mooted, Katy identified a number of things that could make this approach difficult. They include logistical challenges, xenophobic attitudes within the government and the wider society and a lack of community consultation and understanding the current asylum seeker policy.

The question of permanent settlement of people who have been found to be refugees in Nauru is problematic on a number of levels. Katy referred to the lack of land available to build accommodation and the extremely limited employment options as two significant

factors. In addition, government communication on this issue seems to be somewhat opaque:

“They have formally agreed to resettle refugees in their most recent MOU with Australia. But then on the other hand, in meetings that the government has had with local community leaders, they have been sort of fudging the issue and saying things like “resettlement is just a fancy word that lawyers use, but it doesn’t mean that they really live here” ... It is difficult to know sort of where the disingenuousness lies. Does it lie in not taking its commitments under the MOU seriously? Or is it in what it has actually said publically within Nauru?”

We concluded by talking about the legal sector on Nauru, which is very small and has been significantly affected by the regional processing centres. A number of processes were required to equip the department of justice to undertake assessment of refugee status and this has resulted in some very significant delays. This is not the only serious impact in this area:

“... there is great difficulty when asylum seekers are charged with criminal offences, which they obviously have been in relation to some recent events here involving property damage. It is very difficult for the local legal profession to properly serve those asylum seekers in terms of criminal defence. And so, we quite often get Australian lawyers volunteering their services to come over and represent them in criminal matters.”

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