

# Supporting livelihoods in Pacific outer islands

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# What do we mean by livelihoods?

- We define livelihoods loosely as the inverse of hardship, as defined by Abbott and Pollard (2004):
  1. (A lack of) access to basic services
  2. (A lack of) opportunities to participate in the socio-economic life of the community
  3. (A lack of) resources to meet the basic needs and customary obligations of the household
- This paper focuses on (2) and (3).



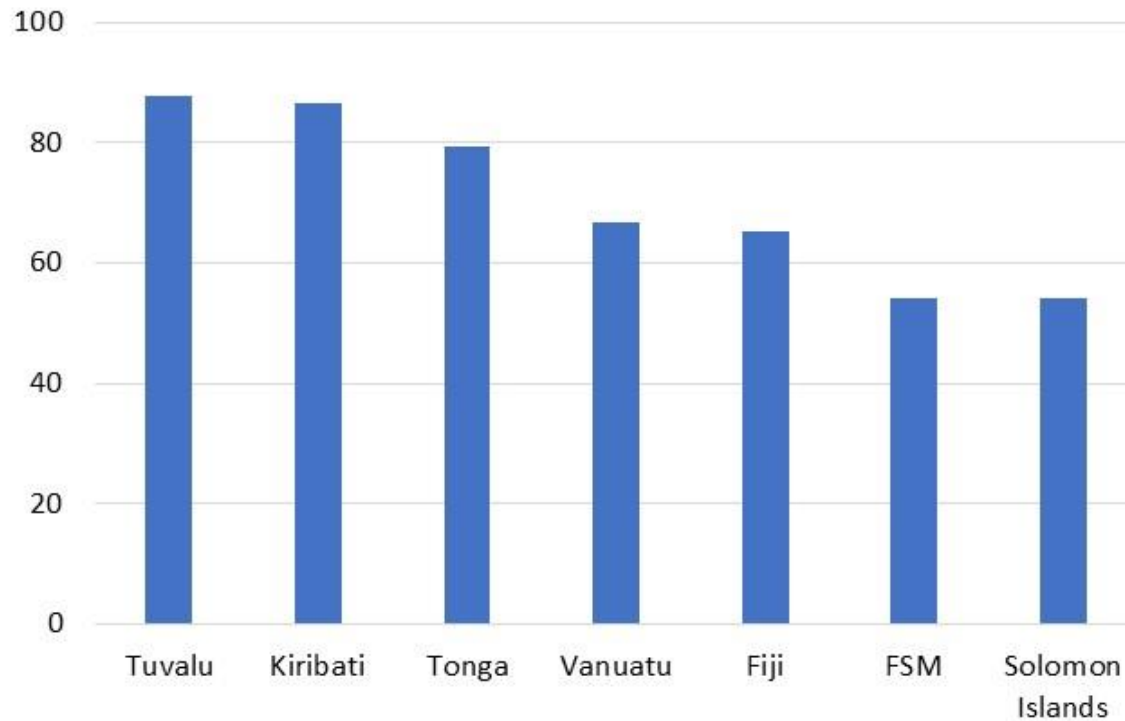
# Rationale for supporting OI livelihoods

(1)

- Reduce hardship and increase equity in access to resources, opportunities, and services

**Average annual per capita incomes in outer islands**

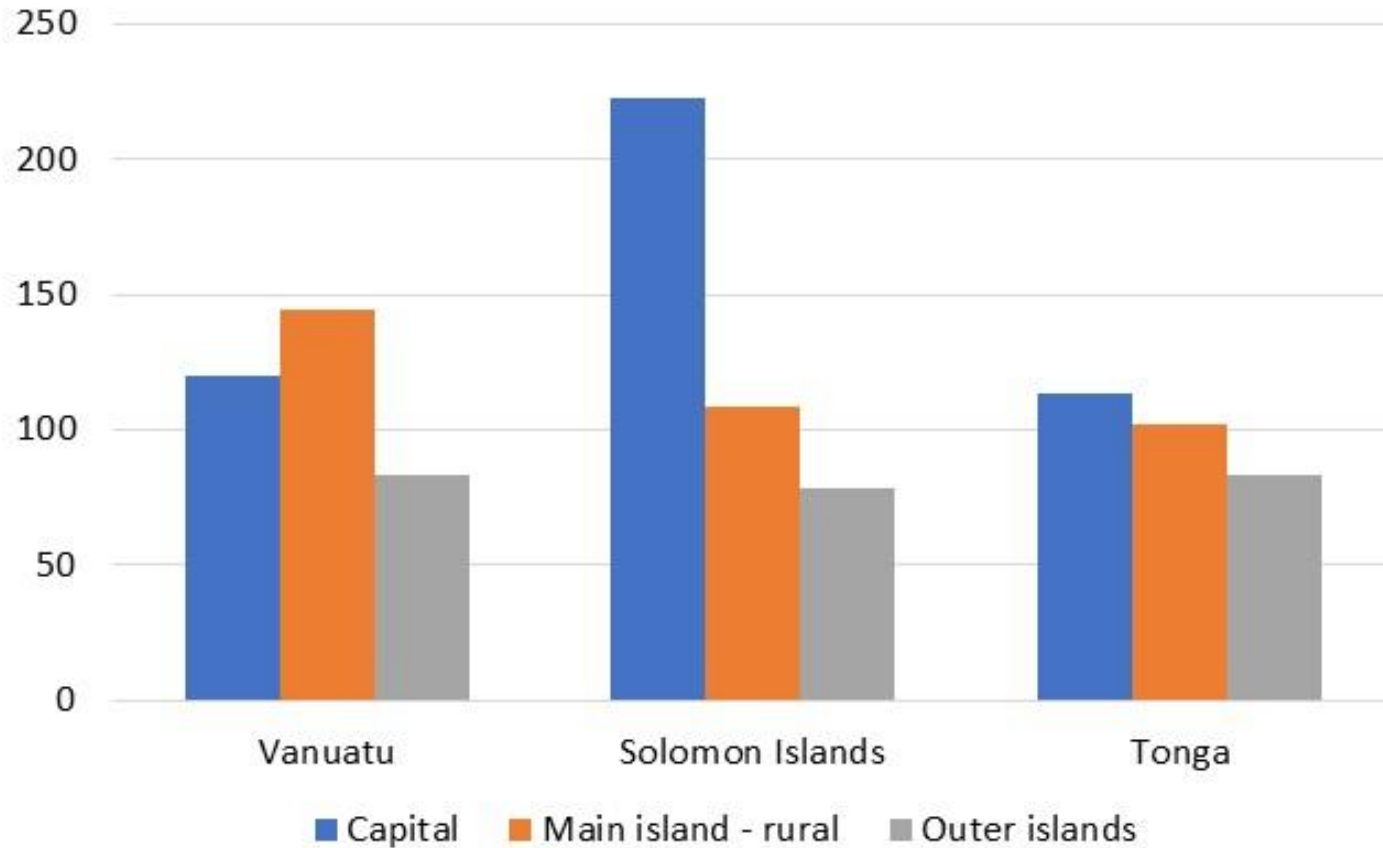
As a % of main island incomes



# Lower OI incomes - “rurality” but also “islandness”

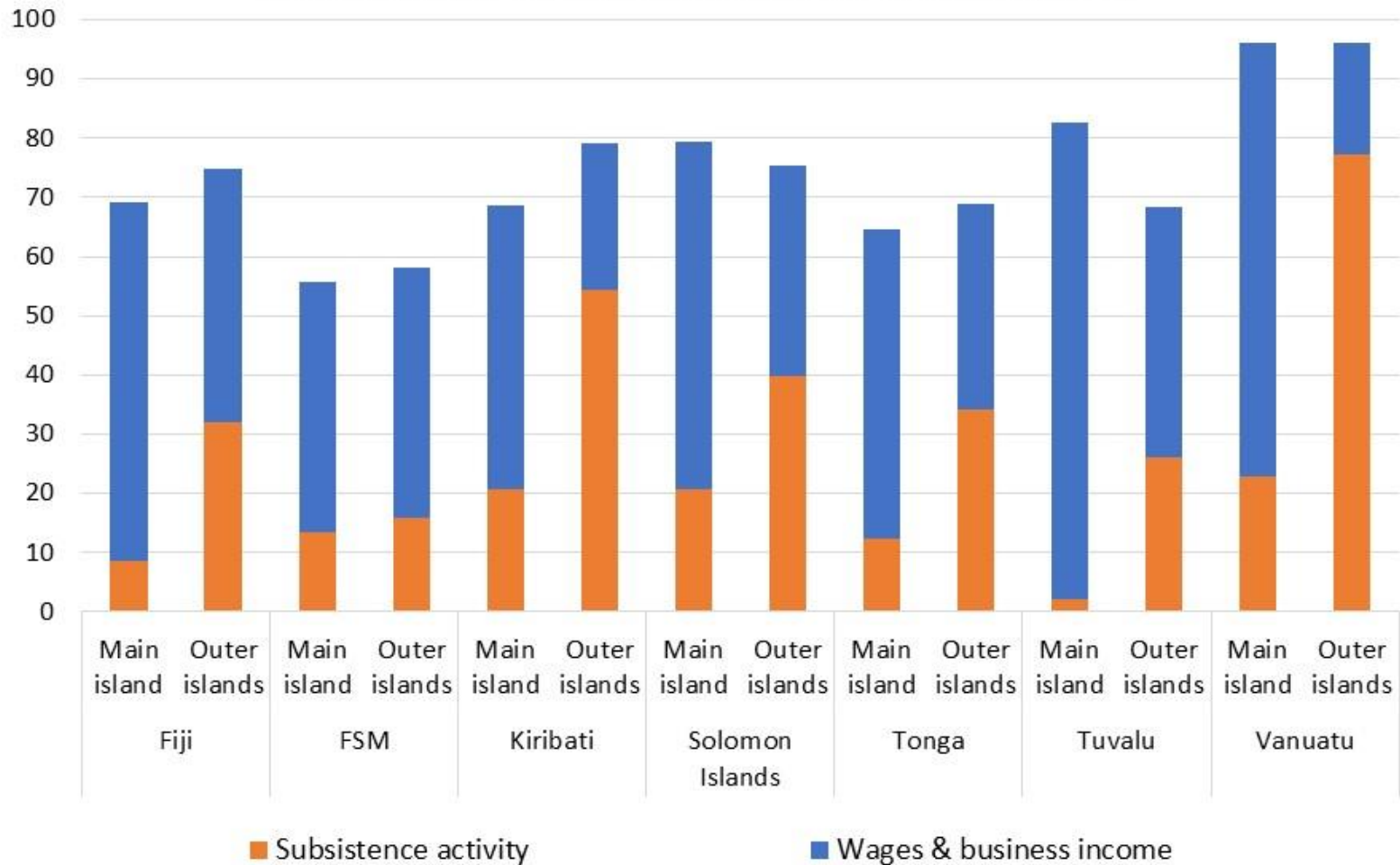
## Rural main island incomes vs outer island incomes

As a % of national average per capita income



# Subsistence activity more prevalent in OIs

Contribution of employment income to total income (%)



# Rationale for supporting OI livelihoods

(2)

- Prevent (excessive) migration to the main island
- Distribute rents accruing to central governments
- Politics



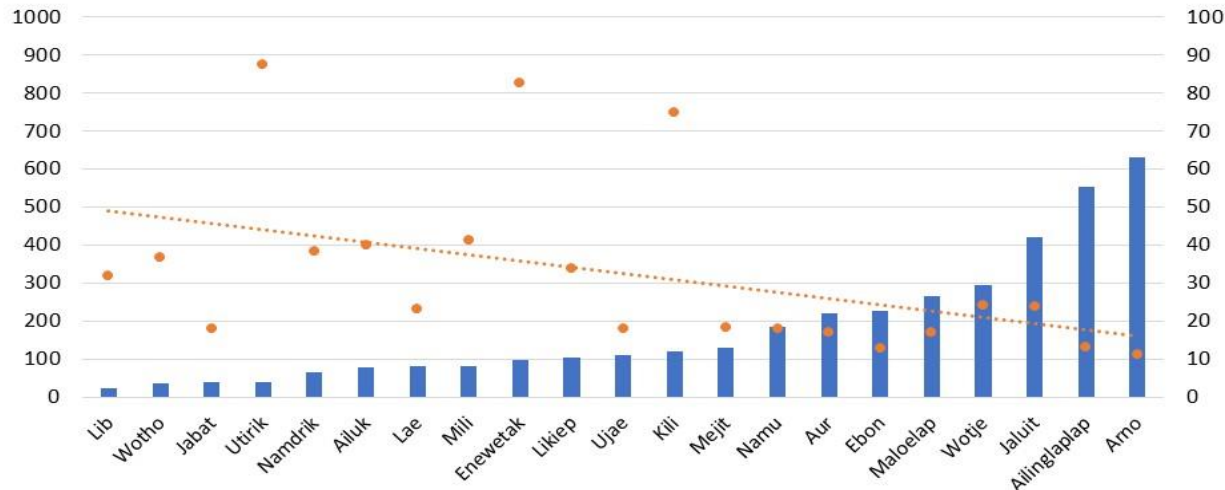
# Mechanisms for supporting livelihoods on OIs

1. Provide support for income-generating opportunities
  - Public sector employment
  - Public works schemes
  - Agricultural subsidies and price support schemes
  - Support for tourism operators
  - Investment in infrastructure and connectivity
  - Investment in education and skills
2. Provide transfers and subsidies
  - Social protection schemes
  - Subsidize the provision of services and goods



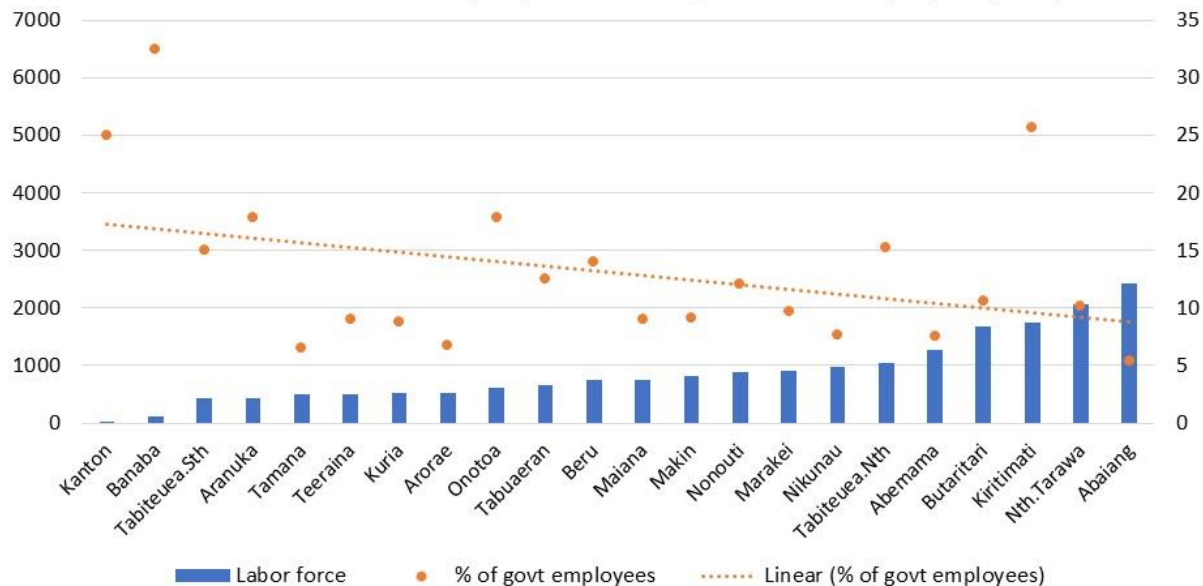
# Public sector employment

RMI: Total labor force (LHS) versus % of government employees (RHS)\*



\*Excludes Kwajalein (labour force = 2105, of which 32% are govt employees) and Majuro (labour force = 6728, of which 39% are govt employees)

Kiribati: Total labor force (LHS) versus % of government employees (RHS)\*



\*Excludes South Tarawa (labour force = 19397, of which 23% are govt employees)





# Public works schemes

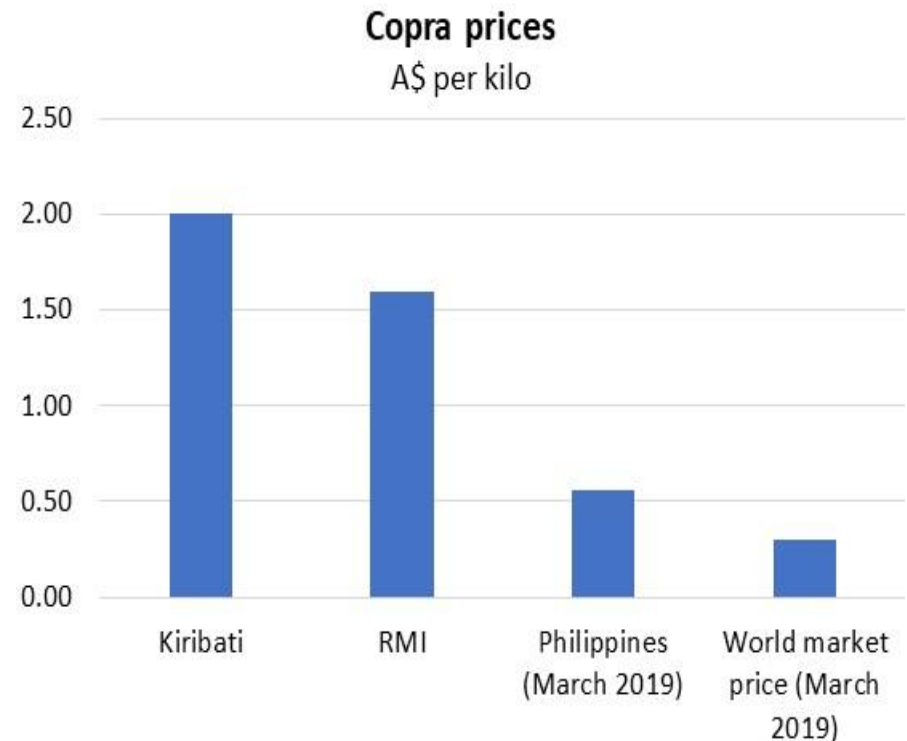
- Provide a double dividend (local jobs and improved services)
- Allow for some targeting through self-selection
- But reliant on availability of skills/training
- More difficult to administer in OIs?
  - e.g. ensuring an equitable distribution of work opportunities between villages



# Govt support for agriculture, tourism

## Copra subsidy schemes

- Expensive
  - But, viewed as a social protection scheme, a relatively easy mechanism to transfer cash and provide work
- Distorts incentives
  - But distortions may be less costly given the lack of viable alternatives
- Not targeted at the poorest
  - But allows for some self-selection in production decisions



# Investment in physical and human capital

## Investing in **infrastructure** and **connectivity**

- Improves access to markets
- Services provided may have a direct impact on livelihoods
- But may not yield an economic return given OI constraints
- Should be ‘fit for purpose’, and life-cycle costs accounted for.

## Investing in **education** and **skills**

- An enabler of income-generating opportunities in agriculture, tourism, and public service provision
- An enabler of migration



# Transfers and subsidies

## Formal **social protection** schemes

- Universal old age pensions most common in the Pacific
- Fiji Poverty Benefit Scheme
- Aversion to cash transfer schemes in many Pacific countries

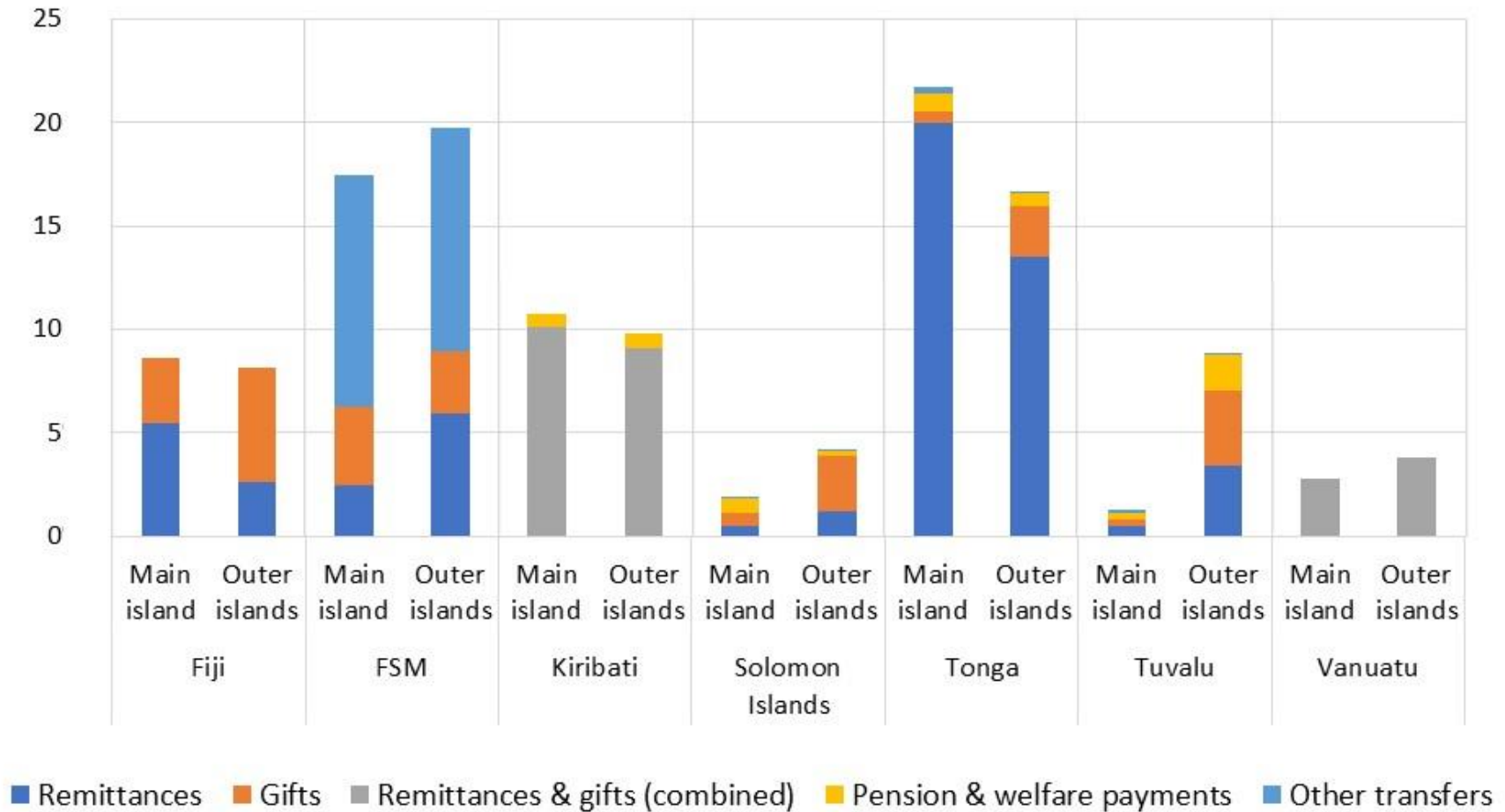
## **Subsidize the provision** of services and goods

- Fee-free education schemes
- School feeding programmes
- Subsidize transport costs for basic goods



# Transfers and subsidies

Contribution of transfers, remittances & gifts to total income (%)



# Conclusion

- Scope to explore more socially beneficial alternatives to agricultural subsidy schemes?
- Carefully target infrastructure investments and ensure they are fit for purpose
  - Local works and maintenance schemes can yield a double dividend (local jobs and improved local services)
- Education and skills are a critical enabler of better livelihoods (including through improved access to migration opportunities)





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