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Opening Address to the Australasian Aid and
International Development Conference

Mononglo Theatre, Australian National University,
Canberra

06 December, 2023

- Professor Helen Sullivan, Dean, ANU College of Asia and the Pacific
- Laurel Miller, President and Chief Executive Officer, The Asia Foundation (major partner of AAC)
- His Excellency Ajay Amrit, Fijian High Commissioner to Australia
- Professor Stephen Howes, Director, Development Policy Centre, Crawford School of Public Policy, ANU

Excellencies, Ladies and Gentlemen

Ni sa bula and good morning

Thank you for the invitation to address the 2023 Australasian Aid and International Development Conference.

Please allow me to start by paying my deepest respects to the traditional elders, leaders, and community members of the Ngunnawal country – on whose lands this Conference takes place. I extend my gratitude to traditional leaders and elders across Australia and thank them for hosting so many Fijians across this great country.

I join Fiji's Prime Minister in urging Australia to take further steps to advance reconciliation and self-determination. Australia's standing in the Pacific will be enhanced as it does so.

I acknowledge that opening speakers in earlier years such as the Australian Foreign Minister and Shadow Foreign Ministers, and I appreciate the invitation to a regional rather than Australian leader this year.

You could have invited any of my fellow Ministers from the Blue Pacific, but you have invited me. I am honoured. I will try to do justice to this vast region and its diverse peoples.

Excellencies, Ladies and Gentlemen

In reflecting on the future of the partnership between Australia and the Pacific, I want to share a story that is dear to my heart. Some 45 years ago, Fiji was a young, newly independent country. Our leaders were thinking hard about how our people could earn a living and find our way in the world. As part of this soul searching, Fiji reached out to its friend, the Government of Australia, to support its efforts to enhance rice production and build food security.

We have a long history of growing rice in Fiji. Nobody really knows when the first crop was planted but it took hold with the arrival of Indian indentured labourers from the late nineteenth century onwards. Through this, we found that some regions of Fiji, including Dreketi on the island of Vanua Levu, had conditions suitable for growing rice.

Despite good soil, water and high demand, far too many rice farmers in Dreketi were losing their crops to the salination resulting from rising sea levels. If this were not enough, they were also losing harvests to frequent droughts. As a result, Fiji spent millions importing rice - that was income that could have been flowing to our own farmers.

Through well researched interventions, Australia supported Fiji to build irrigation systems across 100 farms in Dreketi. This allowed gravity-fed water distribution to take place. The newly built waterways protected farms from rising sea levels. Regular and predictable water from dams and canals allowed farmers to harvest multiple crops in a single year for the first time.

For the farming families of Dreketi, this development investment almost doubled their incomes. I know many of you are likely waiting on the finale of Yellowstone, but please, don't think about farms and incomes on this scale. Farm sizes in Dreketi were small – over 100 of them would have fit on ANU's campus – so farmers were still poor. But they had more certainty of income. Income security meant that they could access credit. Access to credit meant that they could invest to improve their food security through diversifying into new crops and livestock. Crucially, increased income meant that they could afford to pay bus fares and school fees for their children to go to school.

Two of these farmers in Dreketi were Mrs Bhagwandeai and Mr Puran - my mum and dad.

I am genuinely humbled to give this address. You have given me a platform to express my appreciation to the people of

Australia for the support they provided to my family in a deeply personal way. Australia's aid investment allowed me, a remote - rural student to complete my high school education. On the back of that education, I eventually became a economics professor. On the back of this otherwise impossible proposition of a good high school education, I am today the proud leader of the Pacific's oldest political party – the National Federation Party – and Fiji's Deputy Prime Minister.

In a heartfelt way, I say Dhanyavad; Vinaka vakalevu and thank you to the people and Government of Australia on behalf of my beloved mum and dad. Your generosity helped them to make my journey happen.

I am usually a private person. Today I wanted to share this story as it has shaped how I think about the development partnership between Australia and the Pacific. There are five reflections that I want to share.

First, never forget that Australia's development assistance touches and transforms people and communities. This is my most important message to you. An agriculture program four decades ago changed the course of my life. It did so for children of the other 100 families. I have no doubt that it has done the

same for hundreds of thousands of others across the Blue Pacific and well beyond.

Second, while Australian engineers and experts shaped the program, I remember as a child watching our parents and elders advising these experts. They told us, proudly, that they taught Australian's how to plan waterways so water would flow even during droughts; and on how high to build the dams so that seawater would be kept out even during storm surges. My guidance to you is, ***work with Pacific Islanders, not for them.***

Third, four decades ago, our parents knew that they were dealing with changed rainfall patterns and that the seas were rising in unusual ways. While our village elders knew that the climate was changing, this "term" was still to make its way into development textbooks and policy discussions. My lessons from this is to value and work with traditional knowledge. It will enrich – not dilute your practice.

Fourth, I want to underscore the importance of evaluation and learning. I know that we invest in monitoring and evaluation during the life of development programs. This is important. What matters even more, however, is evaluation and learning five (5)

or ten (10) years after a program has ended. This is where you will assess the real impact of your work and learn the real lessons.

Finally, please do not underestimate what Australia gets in return for its development investments. These 100 households in Dreketi alone have sent teachers, health professionals and engineers who are today working across Australia. These are fine folks enriching your communities.

Colleagues and friends,

You now have a window into how Australia's development program has shaped my own journey. I turn to the future of Australia and Pacific development partnerships.

The meeting of the Australian international development community could not have been more timely. In September, Pacific's leaders participated at the United Nations Strategic Development Goals (SDG) Summit in New York. At this SDG stocktake, it was clear that Pacific was well behind in achieving its development targets. Two weeks ago, Pacific's leaders met in Rarotonga where they expressed their growing frustration at the pace of delivery of development programs by many of our development partners.

We are also meeting soon after the first official visit to Australia by a Fijian Prime Minister in many years. Fiji and Australia both spoke enthusiastically about an enhanced relationship. And lastly, we are meeting in the shadows of a much larger meeting in Dubai – the United Nations COP28 in Dubai -one of the most consequential of global climate conferences for the Blue Pacific. Allow me to pull these threads together.

The decades ahead will be challenging for both the Blue Pacific and Australia. This century will be like no other. Some of the greatest transformations and some of the fiercest geopolitical contestation will play out in the Blue Pacific over the next decades.

The centre of the global economy has moved into Asia. By 2050, the majority of the 10 largest economies in the world will be in the Indo-Pacific region. China, India and Indonesia will be among the 5 largest economies in the world well before 2040. The Blue Pacific finds itself in the middle of this great shift. Geopolitical contestation will play out across a range of areas, including the digital world, artificial intelligence, outer space, the ocean surface and seabed and of course across the traditional sectors of the economy.

Australia is deeply concerned about these changes. So are we. Across the Blue Pacific, our leaders have expressed their deep anxiety with the growing intensity of this geopolitical contestation. As a response to this, Fiji's Prime Minister, the Honourable Sitiveni Rabuka, has called for the Pacific to be an ocean of peace. That is powerful. It signals that we place the Pacific's interest first and foremost. It conveys to the world that we recognise that regional stability is the bedrock of our development and of our progress.

Let me underscore this connection between stability and development. Inclusive development is the surest path to stability across the Pacific. Stability is the pathway to our prosperity.

If the Blue Pacific is unable to develop resilient health systems; modernise education systems; adapt food systems to withstand the onslaught of climate change; or to manage debt burdens – they are likely to enter pathways that lead to instability and state fragility. Fragile Pacific states will be less likely to be able to mediate geopolitical competition in ways that protect their sovereign interests. Unstable and fragile states in our region is not good for Australia. It is worse for our fellow Island States.

So to those who doubt the centrality of getting development right, this is the bluntest way in which I can present it. On our current pathway, where many Island States, risk being unable to secure progress against the sustainable development goals, national and regional instability can no longer be ruled out. The stocktake on SDG's is a wake-up call for the region. It is a wake-up call for our development partners.

My message to you as a community of development experts and professionals, your work matters to this region like never before.

Colleagues,

The Blue Pacific is not a region of gloom. Ours is a region of limitless possibilities. Like Asia, the Blue Pacific is on the move. Our region is buzzing with energy and, creativity. These are felt inside governments, in private sector, in small and medium enterprises and across communities.

We have so much to learn from each other; Island States learning from each other; Islands learning from Asia; Asia learning from the Pacific and Australia learning from across this region. The era where knowledge was seated in rich and

industrial countries to be shared with poor developing countries has long gone. Let's keep that era well buried.

It does nevertheless amaze me that we continue to allow colonial concepts to wear out their welcome in international development. When the ADB; the World Bank and aid partners use the term capacity building – I mainly cringe. As a finance minister I meet development partners throughout the day. I may start my day meeting the EU which may be proposing a program to build our capacity in agriculture. Then I may meet the World Bank which may be saying we lack PFM capacity; then I may meet the US who may tell me that our private sector lacks capacity. This goes on and on. By the end of the day, it does leave me thinking about how we function as a country if we lack capacity across so many areas.

How would you feel if we were to say to Australian National University that Fiji sent the late Professor Brij Lal to build capacity because Australia did not have capacity for historical research; and that Fiji had sent Noa Nadruku to build the capacity of Canberra Raiders. It is both patronising and often humiliating when experts turn up day in and out to build capacity. Walk in our shoes for a day. Empathy is an important starting point for good development.

When you do, like many of those in this room have done, you will find that the Blue Pacific is brimming of capacity, skills, and talents. The sooner everyone begins to work with these, the more impactful development investments will be. ***Decolonising development really matters.*** Work with our systems and not parallel to them. Be persistent in broadening the spaces for Pacific islanders to shape and lead their development narratives. I have seen a welcome shift among some development partners to locally led development. **If development is not locally led – it most probably is not development.** All development must be locally led; all development programs must be locally designed; and as best as is possible – locally implemented.

When the leaders of the Pacific small states met in Rarotonga two weeks ago, they were unequivocal. The Blue Pacific alone will define; it alone will shape, and, it alone will frame its own development. ***This was aspirational before. This is foundational now.***

If programs are being designed for the Blue Pacific in distant capitals in Washington, Beijing, and elsewhere – stop! These programs will fail at the very start. Even if they do succeed in some of their outcomes; they will most likely harm the

confidence; erode the resolve of Pacific peoples to decide their development futures.

Ladies and gentlemen

When the Fijian Prime Minister returned from his official visit to Australia a few weeks back he expressed his confidence in the potential for an expanded partnership between Australia and Fiji and indeed the wider Pacific.

Allow me to build on that confidence. Given our shared futures; my message to Australia is to purposefully consider becoming a part of a fully integrated Pacific. Australia's businesses: its entrepreneurs, its students, its holy men and women, its skilled workers, its professionals and Australian families should be able to freely move and work across the vast Blue Pacific. ***So should Pacific islanders – all Pacific islanders – not some Pacific islanders.*** As they do so they will create new opportunities across our region.

Taken from the world of trade agreements, this would look like a Pacific Most Favoured Nation partnership or agreement. ***A most favoured nation partnership would extend – reciprocal privileges including on all visa categories and confirm a shared commitment by all countries to protect***

citizens, families and businesses - from Australia and from the Pacific - in Australia and across the region.

This is pragmatic, this is doable, and its time has come.

We have to make a start by lifting visa restrictions on movement of our peoples. That is the most basic of starting points.

We have made much progress with programs that support thousands of Pacific Islanders to work for short periods in Australia and New Zealand. We have welcomed recent progress on the Pacific Engagement Visa which will allow unskilled Pacific Islanders a pathway into longer term residency. These are helpful but stop gap measures at best.

The next step must surely be a visa free Pacific. That is the most basic building bloc for integration. This is not about incremental increases to some categories of visas but accepting that Australia and the Blue Pacific are part of a shared region in the world. The whole region can be a vibrant region of mobility and opportunities for Australians and all Pacific Islanders – not a region of opportunity and mobility only for our elites and the highly skilled.

I have laid out the economic case for this elsewhere and will not bore you with the details this morning. In this room full of

development professionals, I will skip to the core: ***the benefits of a visa free Pacific region that includes Australia and New Zealand are going to be immeasurably substantial for all our economies; for our societies; and for all our peoples.***

This is a consideration for all Australians. Is broader interaction between Pacific islanders and Australians a source of anxiety to Australia? This is a consideration for Aboriginal and Torres Strait Islanders. Do they desire greater interaction with their Pacific families. This is a decision for Australia's leaders across all its great political parties; here at the federal levels and across its states. Do they place a high value in a broad partnership with the Blue Pacific as we in the Pacific do with Australia?

I can assure you that the Pacific Islands desire for Australia to be a full and equal member of the Pacific family of nations is universal. ***An economically integrated Blue Pacific will arise from a foundation of visa free movement of people. It cannot arise without it. Not a chance.***

And I know that economic integration inevitably means far greater security integration. We will all be more secure for it – not less.

I encourage Australia to give due consideration to the call for establishing a fully integrated region. Pacific's leaders are unanimous that this is an idea whose time has come.

Ladies and gentlemen,

I turn attention to the climate emergency that has been unleashed on the Blue Pacific.

I am speaking to an audience that is very familiar with the scale of impacts of climate change across the Pacific. I know as well, that many of you have worked on Australia's humanitarian responses to climate disasters. Many of you may be quietly living with the trauma of working in post-catastrophe settings long after your return. Many of you would have seen first-hand the intense impacts of climate catastrophes impact upon women, people with disabilities, children, and those living in very remote communities and islands. I am deeply grateful for your support in those trying times and I am certain that the region shares its gratitude.

I know I don't need to convince this audience of the need to act urgently on climate change. A temperature rise beyond 1.5 Celsius will have grave impacts on the Pacific. At a 1.5degree Celsius temperature rise, Pacific Island economies stand to lose

between 40 to 80 percent of their land-based economies by the end of this century. The 1.5-degree Celsius goal may be breached as early as 2030. Breach of 1.5 is effectively a death sentence for the Pacific. That is why COP28 is so crucial to us.

Pacific's leaders are not travelling to Dubai to bury the 1.5-degree goal in its desert sands. They are there to save the 1.5-degree goal from being buried.

Country after country across the Pacific have said they do not desire to be relocated. They want to stay on their lands; preserve the identities, pass on their timeless heritage to generations yet to be born. 1.5 Degree Celsius is about lot more than economic losses and damage. ***A lot lot more.***

With humility, I urge Australian businesses and communities to support our efforts to secure the 1.5-degree Celsius target. This will need enhanced climate action by Australia domestically and solidarity with the Blue Pacific inside the halls where the World decides the future of our planet.

We are fighting against much of the world to hold on to this goal. It would be unfortunate if we could not count on the people, communities, and governments of all the states of Australia and as we take on the world in this fight of our life.

To win, we need resources. In our battle against climate change, we find ourselves in the midst of another reality: an international financing system that systematically undermines small states. The global financial architecture was not designed with small states in mind. Small states cannot bring their adaptation programs to the private markets because of scale. Small states cannot borrow to rebuild the same infrastructure over and over again each time they get washed away by ever more gruesome storm surges. The global financial system is broken.

Very few Pacific States are in a position to take new loans for necessary for the scale of infrastructure that is needed. No Pacific State should have to borrow to respond to humanitarian crisis that results from climate catastrophes. Yet this is precisely what we are forced to do; catastrophe after catastrophe after catastrophe. And when Pacific States borrow for humanitarian recovery – it means that something else has to give. Inevitably investments in health, education and social protection suffer.

Pacific's leaders are calling for all climate finance vehicles to have dedicated small states windows – from the Green Climate Fund to climate funds within the ADB, World Bank and IMF. And yes, this must include the yet to be operationalised loss and damage fund.

All special purpose small states funds need to have three crucial elements. First, that they can be accessed rapidly. Second, that they recognize that small states cannot be subject to the same bureaucratic hurdles that larger countries with large bureaucracies can. Third, they should be largely grants. And if they are loans, they need to be of an ultra-concessional nature with extended repayment periods.

Let me be very clear on this. The international financial system needs fundamental transformation if the small states are to have a fighting chance. It does not need tinkering on its edges.

I hope that Australia will use its influence to secure the fundamental reforms that are so necessary to give the world's most vulnerable small states a fighting chance.

Is this too much to ask? Does anyone really believe that the smallest states in the world should be required to take out loans to pay for the impact of a climate crisis that we didn't cause? Surely nobody thinks that borrowing terms should be the same for Kiribati as they are for India, Indonesia and other large economies.

Ladies and gentlemen

My last contribution is on the “how” of international development. In Rarotonga, Pacific leaders selected the theme *‘our choices, our voices, our Pacific Way.’*

Applied to the world of climate and development, this means that assistance must shift rapidly towards budget support. I am glad that Australia is moving in this direction and encourage it to take deeper steps in this direction. Today, Australia’s direct budget support stands at around 10 per cent of its total assistance. There is a long way to travel.

Development support through national budgets is the surest way to ensure that development is nationally owned and locally led. This will allow Pacific governments and civil society to deepen their relationships as they become implementing partners for national programs, rather than for external development programs. The Pacific is ready for this step up.

The direction of travel must be towards multi-year financing agreements. Few climate adaptation investments can be designed and delivered in short three-year cycles – very few. None can be delivered through an annual financing plan!

The Pacific Islands find themselves on a cliff's edge facing an interlocking climate-fiscal-development crisis. The time for business as usual and slow incremental change in the Australia-Pacific partnership has passed.

I pray that the suggestions I have advanced are given your consideration in framing a far deeper and broader Australia and Pacific partnership - one that promotes growth and development here in Australia and across the Pacific; one that promotes stability across the whole region; a partnership that ultimately makes our great Blue Pacific far more secure as a region. That should be the strategic response to the geopolitical uncertainties of our era.

Australia lies at the heart of the new economic and political centre of the World. In an expanded partnership, I envision the potential for Australia working with the countries of the Blue Pacific to rise as the World's superpower for climate solutions on land and across our seas.

Australia as a fully integrated part of the Blue Pacific will be one of the great political and development shifts this century. I encourage Australians to consider the infinite possibilities that

will flow from this. The Governments of all Pacific islands and all its peoples will walk in step with you as you undertake the steps necessary to get us there. This is our time. Yours and ours.

Thank you. *Vinaka Vakalevu*