

# Bringing the Pacific islands closer by investing in its people

by Stephen Ndegwa

22 October 2021



Photo Credit: Conor Ashleigh/World Bank

The Pacific region is truly unique. Its history, heritage and rich cultures are extraordinary, and so is its geography – quite literally a “sea of islands”, as Pacific scholar Epeli Hau’ofa famously described it.

However, distance and dispersion across the region create significant challenges for governments trying to ensure their people get the services and opportunities they deserve, no matter where they live.

Our team at the World Bank has brought that challenge of geography and distance to the centre of our economic analysis, through the new report *Archipelagic economies: spatial economic development in the Pacific*. This new research shows that, for Pacific countries to achieve more inclusive and resilient growth, there is one area of investment that provides the best return: the Pacific’s people.

With COVID-19 severely impacting economies across the region, and the effects of climate change being shouldered by the Pacific, the need for investments in ‘human capital’ has become more evident. These are investments in people’s education, health and employment opportunities, and are investments that will both improve lives and deliver a sustainable economic return.

*Archipelagic economies* provides a clear and concise overview of the extreme characteristics of the Pacific archipelago, and proposes concrete steps that countries can take to overcome the challenges of the region’s geography. While countries have no control over their size, remoteness, land dispersion, and resources, they do have tools they need for economic development, such as facilitating the movement of people, and adopting mechanisms to better allocate scarce resources across isolated small islands.

To this end, the report suggests that growth-enhancing investments should be guided by clearly identified opportunities, rather than by a desire to equalise the value of investments across islands. The report emphasises that countries should consider investments in mobile assets, especially human capital, and social

protection systems that complement – not substitute – community-based support.

Investments that support human capital – like adaptive social protection (that complements community-based support), quality education and healthcare – have the great advantage of broadening people's capacity to take advantage of economic opportunities, whether on outer islands or elsewhere. At the same time, they serve as an important element of human development itself.

These investments are also less vulnerable to risks from natural disasters and climate change – which, as we all know, many of the Pacific's most remote and isolated communities are already feeling the brunt of. By contrast, high levels of investment in physical capital, with modest economic returns on outer islands, crowd out human capital investments, and are highly vulnerable to the impacts of natural disasters and climate change.

The current COVID-19 crisis has sadly laid bare the cost of not addressing pre-existing institutional, service-delivery and capacity gaps in the Pacific's small island states, so we believe this is an important time for a reconsideration. Health systems that can deliver essential services, such as testing and vaccines to all citizens, and effective social protection mechanisms, would likely have eased the initial impact of the crisis, and could facilitate economic recovery as vaccination programs roll out.

The Pacific is no stranger to other forms of shocks. The Samoa measles outbreak in 2019, frequent natural disasters like Tropical Cyclone Harold in April 2020, and the looming prospect of disruptions from climate change, all remind us of the Pacific region's vulnerability.

While COVID-19 now occupies our minds, we should not be paralysed by it. Rather, it provides an opportunity to reflect on the underlying challenges facing the Pacific that have exacerbated the crisis, and to formulate strategies to address them. This is a window of opportunity through which Pacific decision-makers can consider significant changes that improve the lives of their populations, including those in many of the world's most remote and isolated communities.

*Read the World Bank report [Archipelagic economies: spatial economic development in the Pacific](#).*

### **Author/s:**

## **Stephen Ndegwa**

Stephen Ndegwa is the World Bank Country Director for Papua New Guinea and the Pacific Islands. He is responsible for leading the World Bank's program and staff across 12 countries, with more than 80 projects and operations, totalling approximately US\$2 billion in support to PNG and the Pacific Islands region.

Link:

<https://devpolicy.org/bringing-the-pacific-islands-closer-by-investing-in-its-people-20211022/>