

Pacific Buzz (May 16): Vanuatu expels AFP | Australia defers aid target | Solomon Islands debt management | Latest from Fiji and PNG | ICT developments ...and more



by Development Policy Centre

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A roundup of development policy issues in the Pacific by the [Pacific Institute of Public Policy](#) and the [Development Policy Centre](#).

We offer our condolences to the people of Cook Islands on the passing of former Prime Minister, Sir Geoffrey Henry.

Vanuatu Government expels the Australian Federal Police

A diplomatic stand off continues after the Vanuatu Government **expelled** the Australian Federal Police on 10 May in retaliation for embarrassment caused to Prime Minister Sato Kilman whilst transiting through Sydney airport last month. Where the Vanuatu Government **views** the matter as an infringement of national sovereignty, Australian Foreign Minister Bob Carr **described** it as a law enforcement incident and urged a rethink in the context of the value of Australian aid to Vanuatu.

News of the expulsion order broke publically on social media sites, sparking a frenzy of comments with views mostly expressing strong nationalistic sentiment, concerns over the calibre of political advisors, and perceptions of an **imbalance** in the relationship with Australia.

Vanuatu moved quickly to strengthen ties with Indonesia, resulting in the arrival of Indonesian military equipment in Port Vila on 15 May as part of a **deal** that will provide police and paramilitary training to Vanuatu, and leading to protests from West Papuan supporters.

Australia defers aid target, but promises large increase in aid to the Pacific

The Australian government's target for increasing aid as a percentage of the national economy has been **pushed back**, but the 2012-13 **budget** [PDF] sees aid to the Pacific region increasing modestly to \$1.17 billion in, up from \$1.16 billion in 2011-12.

In most cases, the **changes** at the country level are slight: Aid flows to Solomon Islands will decrease by \$23 million, mostly due to the scale down of RAMSI, and there will be a small decrease in assistance to PNG. Samoa, Vanuatu, Nauru, Kiribati and Tuvalu are set to receive small increases, with the Fiji programme expanding to \$55.6 million, up from \$37.5 million in 2011-12.

If the government does follow through with its scale-up, there are large increases in store for the Pacific. For the first time, AusAID released regional aid projections for the forward estimates period. Aid to Pacific and PNG is projected to expand to about \$1.6 billion by 2015-16, an increase of about \$400 million.

Debt management strategy for Solomon Islands

The Solomon Islands cabinet has endorsed the country's first **debt management strategy**. The strategy is premised on directing borrowing to high value projects that can return revenue and social benefits. Assessment of borrowing proposals will become a part of the annual budget process that will include a cap on borrowing across government.

Meanwhile, the **World Bank** has provided Solomon Islands with a US\$2 million grant to boost the economy and improve service delivery. The funding will also be used to support efforts to provide clearer information about mining revenues, in line with the **Extractive Industries Transparency Initiative**.

The latest from Fiji

The issue of engagement with Fiji continues to be a **live topic** as the process of preparing for elections is continuing. The **Constitutional Commission** has been established and tasked with undertaking widespread consultation prior to presenting a draft constitution in January 2013. Elsewhere, the interim government has confirmed that members of the military will have to **resign** in order to contest the

elections.

Recent economic news from Fiji is mixed, with the [Reserve Bank of Fiji](#) reporting that investment is subdued in all sectors other than tourism and resources.

The latest from Papua New Guinea

Speaker of Parliament, Jeffrey Nape, has yet to be served with an [arrest warrant](#) that was issued in January, as investigations continue into allegations of financial misappropriation.

An [announcement](#) that Sir Michael Somare will retire from politics has not quelled speculation that he will contest the election. Another former prime minister and current minister for public enterprises, Sir Mekere Morauta, has confirmed that he will not stand for another term. In this [interview](#) he offers some interesting insights into managing the mineral boom.

Online commentators and bloggers have expressed [outrage](#) at police treatment of the opposition leader, Dame Carol Kidu, who was caught up in tensions surrounding the [eviction](#) of more than 2,000 people and demolition of houses in Port Moresby's Paga Hill urban settlement.

Events in PNG continued to attract attention in Australia as the [28th bilateral business forum](#) took place in Brisbane. The forum unsheathed renewed [concerns](#) about Australia's visa process, as both the [government](#) and [opposition](#) stress the importance of the relationship between the two countries.

New telecommunications and internet roll outs across the region

The pace of information and communications technology (ICT) development is picking up across the Pacific. [Tonga](#) has just signed a contract for a submarine cable, [Guam](#) is set to roll out a new 4G mobile network, and [Marshall Islands](#), backed by the World Bank, is taking serious steps toward a liberalised telecoms market. A [day-long ICT showcase](#) is taking place in Vanuatu on 18 May, emphasising the importance of ICT for development.

In brief

- Honiara City Council is [removing informal housing](#) ahead of the 2012 Pacific Arts Festival.
- Papua region reported to have the highest incidence of HIV/AIDS in Indonesia, with over [10,000 cases recorded](#).
- The Non-Aligned Movement has [backed a proposal](#) by Fiji and Papua New Guinea

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to support French Polynesian self-determination.

- Pacific **education** ministers meet in Port Vila.
- The Republic of the Marshall Islands launched its first **trade policy framework** at the meeting of Pacific **trade ministers** in Majuro.
- UNESCAP launches 2012 **Economic and Social Survey of Asia and the Pacific**.
- Environment ministers from the Pacific island join talks in Barbados on **sustainable energy**.

*This biweekly roundup of development policy issues in the Pacific is a joint venture of the **Pacific Institute of Public Policy** and the **Development Policy Centre**. Editorial content is the responsibility of Derek Brien, PiPP Executive Director, and Stephen Howes, Devpolicy Director.*

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The Development Policy Centre is part of the Crawford School of Public Policy under the College of Law, Governance and Policy at The Australian National University.

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