Asia and the Pacific Policy Society Conference 2014:

G20’s Policy Challenges for Asia and the Pacific

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Director General
Secretariat of the Pacific Community

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Acknowledgments

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• Gerald Haberkorn
• Cameron Bowles
• Shelton Harley
• Mike Petterson
• Paula Vivili
Outline

• Large Ocean Islands – the context
• Our Development Challenges
• SPC – the Pacific Community
• G20 – a Focus on Impact
Key Questions

• What is an appropriate level of development in the Pacific islands, given variations in size, population, natural resources, development potential and environmental considerations?
• How can we get more value from current investments?
• What role can the G20 play in improving development effectiveness in the region?
“Large Ocean Islands”
Pacific Ocean

• Our defining feature and greatest resource – the world’s largest ecosystem and major social, economic, cultural lifeline

• Total 2012 catch US$7.2 - value of tuna catch is worth at least US$3 - 4 billion; PICTs get about $300 million (10%) to combined GDP, contributing about 48,000 jobs

• Tourism contributes about US$4.3 billion and about 190,000 jobs
Pacific Ocean

• Deep sea mining could occur in at least 12 PICTs, maybe 5 more – value?
• Coastal ecosystems such as coral reefs, mangrove forests, shape Pacific cultures and spiritual identity – biodiversity, protection against natural disasters, etc estimated to be worth US$3.9 billion
• BUT, paradise is under threat – over-fishing, climate change, habitat destruction, pollution
The Pacific – a region of contrast

<table>
<thead>
<tr>
<th>Countries/Territories</th>
<th>22</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Area</td>
<td>36,000,000 square kilometres</td>
</tr>
<tr>
<td>Total land area</td>
<td>Approx. 551,000 sq. (1.5%)</td>
</tr>
<tr>
<td>Total population</td>
<td>Approx. 10 million people</td>
</tr>
<tr>
<td>Under 18 years</td>
<td>50 percent</td>
</tr>
<tr>
<td>Melanesia</td>
<td>5 PICTs, 87% of total pop.</td>
</tr>
<tr>
<td>Micronesia</td>
<td>7 PICTs, 6% of total pop.</td>
</tr>
<tr>
<td>Polynesia</td>
<td>10 PICTs, 7% of total pop.</td>
</tr>
<tr>
<td>Languages</td>
<td>&gt; 1,200 (PNG more than 800)</td>
</tr>
</tbody>
</table>
Our Reality

- Natural resources and human capital not evenly distributed – 5 Melanesian PICTs has 98% land area, 98% land-based resources, 88% of the population, 28% of total EEZ, most of DSM deposits, tuna
- Melanesia - most potential for development
- 7 Micronesian PICTs has <1% total land area, total EEZ 36% and 546,491 people (< Vanuatu population)
- 10 Polynesian PICTs 1.5% total land area, 36% of EEZ, 668,740 people (< Fiji population)
## Selected Indicators - Melanesia

<table>
<thead>
<tr>
<th>Country</th>
<th>Total Population (2013 Est.)</th>
<th>Life Expectancy at birth (years M/F)</th>
<th>IMR (1,000 Live Births)</th>
<th>&lt; 5 Mortality Rate</th>
<th>MMR (100,000 Live births)</th>
<th>GDP/ Capita (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fiji</td>
<td>859,200</td>
<td>67/72</td>
<td>13</td>
<td>18</td>
<td>23</td>
<td>3,639</td>
</tr>
<tr>
<td>PNG</td>
<td>7,398,500</td>
<td>61/65</td>
<td>57</td>
<td>75</td>
<td>711</td>
<td>18,437</td>
</tr>
<tr>
<td>Solomons</td>
<td>610,800</td>
<td>68/71</td>
<td>26</td>
<td>37</td>
<td>100</td>
<td>1,676</td>
</tr>
<tr>
<td>Vanuatu</td>
<td>264,700</td>
<td>71/74</td>
<td>21</td>
<td>24</td>
<td>86</td>
<td>3,099</td>
</tr>
</tbody>
</table>
## Selected Indicators - Micronesia

<table>
<thead>
<tr>
<th>Country</th>
<th>Total Population (2013 Est.)</th>
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<th>GDP/Capita (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FSM</td>
<td>103,000</td>
<td>67/70</td>
<td>29</td>
<td>36</td>
<td>162</td>
<td>3,031</td>
</tr>
<tr>
<td>Kiribati</td>
<td>108,800</td>
<td>65/71</td>
<td>45</td>
<td>47</td>
<td>215</td>
<td>1,651</td>
</tr>
<tr>
<td>RMI</td>
<td>54,200</td>
<td>59/60</td>
<td>25</td>
<td>31</td>
<td>105</td>
<td>3,158</td>
</tr>
<tr>
<td>Nauru</td>
<td>10,500</td>
<td>58/62</td>
<td>33</td>
<td>37</td>
<td>Na</td>
<td>8,379</td>
</tr>
<tr>
<td>Palau</td>
<td>17,800</td>
<td>68/77</td>
<td>12</td>
<td>12</td>
<td>0</td>
<td>10,314</td>
</tr>
</tbody>
</table>
# Selected Indicators - Polynesia

<table>
<thead>
<tr>
<th>Country</th>
<th>Total Population (2013 Est.)</th>
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<th>GDP/ Capita (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cooks</td>
<td>15,200</td>
<td>73/82</td>
<td>7</td>
<td>7</td>
<td>0</td>
<td>17,565</td>
</tr>
<tr>
<td>Niue</td>
<td>1,500</td>
<td>65/82</td>
<td>0</td>
<td>16</td>
<td>0</td>
<td>15,807</td>
</tr>
<tr>
<td>Samoa</td>
<td>187,400</td>
<td>70/76</td>
<td>8</td>
<td>22</td>
<td>46</td>
<td>3,680</td>
</tr>
<tr>
<td>Tokelau</td>
<td>1,200</td>
<td>69/71</td>
<td>0</td>
<td>0</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Tonga</td>
<td>103,400</td>
<td>70/73</td>
<td>17</td>
<td>22</td>
<td>37</td>
<td>4,557</td>
</tr>
<tr>
<td>Tuvalu</td>
<td>10,900</td>
<td>65/64</td>
<td>10</td>
<td>10</td>
<td>0</td>
<td>3,407</td>
</tr>
</tbody>
</table>
## (Very) Small Island States

<table>
<thead>
<tr>
<th>PICT</th>
<th>Population</th>
<th>Land Area (sq.km)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nauru</td>
<td>10,500 (2013)</td>
<td>21</td>
</tr>
<tr>
<td>Niue</td>
<td>1,500 (2013)</td>
<td>100</td>
</tr>
<tr>
<td>Pitcairn</td>
<td>66</td>
<td>5</td>
</tr>
<tr>
<td>Tokelau</td>
<td>1,200 (2013)</td>
<td>12</td>
</tr>
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<td>Tuvalu</td>
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Aid Effectiveness

• 90% of all aid flows from 5 DAC countries – Australia, France, Japan, NZ, USA and EU.
• Is the current architecture a good platform for enhancing aid effectiveness?
• Many global agreements (Paris, Accra, Busan) plus regional (Pacific Plan, Cairns) but inadequate implementation?
Secretariat of the Pacific Community

• Established by the Canberra Agreement 1947
• Largest and oldest Pacific regional organisation, 67 years old, 650+ staff
• Provides science and technical support to Members (PICTs), public good science outputs
• 7 Technical Divisions, >20 Sectors
• 90% funding from Aus, NZ, USA, France, EU
• Project funding dominates – less than ideal
SPC Programmes

• Economic Development; energy, transport
• Fisheries and Marine Ecosystems
• Land Resources, includes agriculture, forestry
• Public Health
• Education, Training and Human Development
• Applied Geoscience and Technology (SOPAC)
• Statistics for Development
SPC Development Outcomes

1. Sustainable Economic Development
2. Sustainable Natural Resources Management and Development
3. Sustainable Human and Social Development
SPC Vision and Mission

“A secure and prosperous Pacific Community”

SPC supports Member States by;
- capacity building
- capacity supplementation
- capacity substitution
Our Development Challenges

• Political Landscape – emergence of sub-groups, PIDF; new regional Framework

• Population Growth – high population growth, ‘youth bulge’, confined spaces and limited migration options, employment opportunities

• Economic – stagnant/volatile economies, high (youth) unemployment, limited economic opportunities and capital, globalisation, skills
Our Development Challenges

• Tyranny of Distance; cost of transport and communication, distance to markets,

• Epidemiological Transition; Non-communicable diseases – threat to individual and population health, costs to health systems and nations, barrier to development and persisting infectious diseases (dengue, zika) and injuries increasing linked to alcohol
Economic Challenges

• Stagnant economies, low economic growth and high volatility, high debt to GDP ratios; external debt dominates
• Heavy reliance on foreign aid, remittances, limited foreign direct investment
• Weak governance, regulatory environments, mostly unskilled workforce
• Heavy government involvement; unsustainable borrowing practices propping up inefficient enterprises
Communications & Technology

• Tools for development and education, remains costly and unreliable in the region
• Internet access ranges from 2% PNG, 6% Solomon Islands, 7% Vanuatu to 70% Niue, 60% Tonga – bandwidth problems
• Improvements in ICT a priority for the region
Natural and Man-made Challenges

• Changing development landscape; global priorities can drown out regional priorities, Pacific voice not always heard at global level e.g. climate change

• Climate change and natural disasters; many islands high on disaster vulnerability stakes; droughts, cyclones, tsunamis; cost of re-builds
Poverty and Hardship

- At least 20% live in hardship; PNG 40%
- Many not in hardship are vulnerable; high levels of inequality, PNG, Fiji and Solomon Islands
- Limited/no social protection in PICTs; government and community support inadequate
- Family and community essential support and ‘safety net’ during crisis;
- People in PICTs vulnerable to shocks – fuel, food imports, remittances, international aid, tourism
Environment

• Pacific region highly exposed to natural disasters, and climate change; of the top 20 countries with highest average annual GDP losses from disasters; aggravates development challenges

• Increasing concerns about the state of the (Pacific) Oceans – crucial for supporting livelihoods, lives and economies,

• Poor waste management a threat to development

• Water shortages frequent
Education

• All Polynesian countries, Palau and Fiji on track to reach MDG 2, mixed progress in Melanesia and Micronesia
• Net enrolment rations in Kiribati, RMI, PNG, Vanuatu <90%; high drop out rate before completing primary school
• Quality of education stagnating/regressing; 7/10 children not achieving expected literacy skills after 6 years of primary school
Energy

- 7 million people have no access to electricity; 12%, 14% and 28% in PNG, Solomon Islands, Vanuatu
- 95% commercial energy from fossil fuels; vulnerable to petroleum prices; cost of petroleum and electricity highest in the world
- Tokelau 100% renewable; regional goal for increased renewable energy (Majuro Declaration) in all islands
Forestry

- Covers 75% land mass in Solomon Islands, 63% in PNG, 5% in Tonga
- Log exports contribute 7% of GDP in PNG and 14% in Solomons (and 70% of total export earnings) – largest source of rural employment, sustainability?
- Fiji exports mainly value-added wood products, receives 4 x value of round logs
- Estimated that PNG and Solomons could have secured up to USD578 million and USD1.088 billion from logs exported in 2010 alone
Deep Sea Minerals
• Pacific Island Countries (PICs) have a total area of 38.5 million km\(^2\) of EEZ compared to a land area of around 550,000 km\(^2\) (a ratio of 70:1);
• Additional 2.0 million km\(^2\) in Extended Continental Shelf;
• In the last 40 years, SOPAC, in collaboration with partners, have been involved in DSM activities;
• DSM have been discovered within the EEZ of many PICTs.
Recent Exploration and DSM Interest

- Exploration companies that are active in the region:
  - Nautilus Minerals
  - Bluewater Metals
  - Korea Institute of Ocean Science and Technology (KIOST)
- Exploration licenses are issued in PNG, Tonga, Solomon Islands, Fiji and Vanuatu.
- Nauru and Tonga have sponsored foreign companies to conduct DSM exploration in the International Seabed Area (‘the Area’);
- Kiribati has established and supported its own company to conduct exploration in ‘the Area’.
Drivers of Marine Minerals Development

- Increasing demand for metals globally;
- High metal prices;
- Decreasing metal concentration in terrestrial mineral deposits;
- High concentration of certain metals in offshore mineral deposits;
- Significant improvement in marine mining technologies;
- Increasing demand for non-traditional metals such as REE.

Significant improvement in mining technologies since the first nodule test mining in 1978
Fisheries

• Coastal fisheries contributes more than oceanic fisheries in 20/22 PICTs; critical for food security; over-fished in many PICTs

• Tuna is 7 billion dollar industry; big-eye over-fished, yellow-fin reaching maximum harvest rate, skip-jack near half of natural level

• Tuna is highly migratory, requires international cooperation for effective management
State of the resource

Generally okay, but not much scope for increases and the economics is coming in to play.
G20 and Development

- G20 purpose is ‘to promote stable and sustainable economic growth that benefits all’
- Development a key component but questions about priorities and effectiveness
- “Diffuse, lacking coherence, too broad, disconnected from leaders, episodic, informal, ineffective”
- What is G20 role in development?
G20 in the Pacific

• Issues of systemic significance to small islands, where collective (regional) action is needed e.g. infrastructure investment, NCDs, food security, international finance for development, climate change financing, post-2015 development agenda, statistics

• Youth participation and employment; SPC-led Pacific Youth Development Framework
G20 in the Pacific

• Encouraging better cooperation between international and regional organisations
• Support revision of development architecture and lift impact in the Pacific region; a new agenda post-2015
• Resource re-allocation to regional organisations for better implementation?
• Support for and dialogue with non-members
• Add value by critical analysis, thought leadership, political influence, mutual accountability
Pacific Priorities for the G20

• Australia presidency – highlight the Pacific and SIDS? - post 2015 agenda, Oceans, NCDs, binding treaty on climate change - UNFCCC COP21

• ‘Beyond aid’ – labour mobility, gender equity, climate finance, migration, technology, food security, NCDs

• Reduce and measure inequality
Summary

• Some progress, good potential in some PICTs
• Too many players; not enough impact
• No coordination, no agreement on roles, competition for resources, same few donors
• Regional/international confusion, who does what, inadequate accountability for results
• Reduce focus on money and develop shared agenda for better development outcomes