



SPC  
Secretariat  
of the Pacific  
Community



## **Pacific Conference on The Human Face of the Global Economic Crisis**

February 10-12, 2010, Port Vila, Vanuatu

# **Report**



## Heads of Delegations of Pacific Island Countries, UN Agencies, Regional Organizations, and Development Partners attending the Conference



### From left to right

**Front Row:** Hon. Mr. Alik Alik, Vice President, Federated States of Micronesia; Ms. Sachiko Yamamoto, Regional Director ILO; Hon. Mr. Kerai Mariur, Vice President & Minister of Finance, Palau; Mr. Ajay Chibber, UN Assistant Secretary General and UNDP Regional Director; Ms. Anupama Rao, Regional Director, UNICEF; Ms. Noeleen Heyzer, ESCAP Executive Secretary; **Hon. Mr. Edward Nipake Natapei, Prime Minister of Vanuatu; Miss Helen Clark, undg Chair and UNDP Administrator;** Hon. Natan Teewe, Minister for Finance & Economic Development, Kiribati; Dame Carol Kidu, Minister of Community Development, Papua New Guinea; Mr. Larry Greenwood, Vice-President, Asian Development Bank; Tuiloma Neroni Slade, Secretary-General, Pacific Islands Forum Secretariat.

**Second Row:** Mr. Knut Ostby, UN Resident Coordinator & UNDP Resident Representative Fiji; Hon. Mr. Teisina Fuko, Minister of Revenue, Tonga; Mr. David McLachlan-Karr, UN Resident Coordinator & UNDP Resident Representative PNG; Ms. Nileema Noble, UN Resident Coordinator & UNDP Resident Representative Samoa; Hon. Mr. 'Otenifi Afu'alo Matoto, Minister of Finance & National Planning, Tonga; H.E. Mr. Michael Leir, Ambassador of Canada to Vanuatu; H.E. Mr. Jeff Langley, New Zealand High Commissioner to Vanuatu; Mr. Takeshi Tanabe, Counsellor, Embassy of Japan, Fiji; Hon. Mr. Filipe Bole, Minister for Labour, Fiji; Hon. Mr. Lotoala Metia, Minister of Finance, Economic Planning & Industries, Tuvalu; H.E. Mr. Alexander Blokhin, Ambassador of Russia to Vanuatu (Canberra); Hon. Mr. Joe Natuman, Minister for Foreign Affairs & External Trade, Vanuatu; Hon. Mrs. O'love Jacobsen, Minister & Acting Premier, Niue; Hon. Mr. Niko Lee Hang, Minister of Finance, Samoa; Hon. Mr. Bob McMullan, Member of Parliament, Australia; Hon. Mr. Sela Molisa, Minister of Finance & Economic Management, Vanuatu; Hon. Mr. Dennis Momotaro, Minister for Transport & Communications, Marshall Islands.

**Third Row:** Mr. Gibson Kanui, Member of Parliament, Palau; Ms. Aurelia Balpe, Head of International Red Cross; Mr. Nicholas Rosellini, Deputy Regional Director for Asia and the Pacific, UNDP; Ms. Charmaine Scott, Director, Ministry of Women & Social Welfare, Nauru; Mr. Aaron Rubin Olofia, Director, Social Welfare Solomon Islands; Prof. Rajesh Chandra, Vice-Chancellor and President, University of the South Pacific; Mr. Michael Bongro, Executive Manager for International Policy, Department of Environment & Conservation, Papua New Guinea; Dr. Jimmie Rodgers, Director General, Secretariat of the Pacific Community; Mr. João Cancio Da Costa Freitas, Minister of Education, Timor Leste; Hon. Mr. Kausea Natano, Minister for Labour, Works, Water & Energy, Tuvalu; Mr. Keith Leonard, Regional Director SRO, ADB; Mr. Mark Short, Secretary of Justice, Cook Islands; Mr. Simona Sale, Private Sector Representative, Tokelau.

# Forewords



I am pleased to present the report of the special Pacific Conference on the Human Face of the Global Economic Crisis held in Port Vila in February 2010 which my Government was privileged to host. Endorsed by the Pacific Forum Leaders meeting in 2009, the Conference was the culmination of months of careful preparations by my Government and people of Vanuatu in partnership with the United Nations, Asian Development Bank and Pacific regional organizations. It brought together more than two hundred policy-makers, experts and civil society representatives from all Pacific island countries, as well as high-level officials and advisors from partner organizations.

This report provides a summary of the Conference proceedings, its key substantive results and the Vanuatu Outcome Statement. The views and recommendations expressed in the Outcome Statement are those of our own Pacific island development practitioners crafted with the benefit of advice from some of the best international experts.

The report highlights the impact of the global economic crisis and proposes forward-looking policy agenda in strengthening the capacity to reinforce social protection systems and public expenditure management, promoting private sector and informal economy and sustainable green growth, improving data for evidence-based policies and strategic investments in information and communication technologies. It is now incumbent on the Leaders to translate the recommendations into policies and actions at the regional and country levels.

In the Cairns Communiqué, which the Pacific Leaders signed in August 2009, the Leaders requested that the recommendations of the Pacific Conference on the Human Face of the Global Economic Crisis be presented to them for their consideration at their 2010 Forum meeting. I am therefore pleased to submit the Conference report and Outcome Statement to the Forty-first Pacific Forum.

A handwritten signature in black ink, appearing to read 'Natapei'. The signature is stylized and cursive, with a large initial 'N'.

**Hon. Edward Nipake Natapei**  
**Prime Minister for Vanuatu**



The United Nations is pleased to join the Government of Vanuatu in submitting to the 41st Pacific Islands Forum this Report from the Pacific Conference on the Human Face of the Global Economic Crisis. The Report and Conference Outcome Statement offer a valuable range of policy options drawn from lessons learned and evidence of what works to make progress toward the Millennium Development Goals (MDGs). As such, we hope the Report will be of assistance to Pacific leaders as they gather again in Vanuatu in order to reach agreement on a concrete and ambitious agenda that can accelerate progress towards the MDGs in Pacific island countries.

A strong and unified voice can help ensure that Pacific Island countries' perspectives are heard loudly and clearly at the MDG Summit in New York in September. The MDG Summit presents an invaluable opportunity for the world to rejuvenate momentum towards the MDGs and agree on an action agenda that can accelerate progress in the five years before the 2015 deadline. The global economic crisis has made achieving the MDGs more important than ever. To avoid irreversible development setbacks and to build societies more resilient to future crises, focused and concerted action is needed to generate inclusive economic growth, meet the needs of the most vulnerable, and put in place the policies which can make MDG progress sustainable.

The Conference in February proposed a number of practical, action-oriented recommendations designed to improve the quality of public spending; strengthen social protection systems; generate employment opportunities; improve data for evidence-based policy; spur sustainable growth; and expand access to information and communication technologies. While some recommendations have already been turned into action by Pacific Island governments, a concerted regional and global effort can help bring implementation to scale and multiply the impact of individual efforts. Strong partnerships enable countries to generate resources, share expertise, and learn from the experiences of what has worked from around the world. Basing policies on solid evidence will help countries achieve results with fewer resources.

For the poor and vulnerable living in communities throughout the Pacific, the MDGs do not represent abstract goals but rather the anticipation of a better life. To meet these expectations and keep the promises made by world leaders in 2000, governments must play a leadership role in building new partnerships, engaging citizens, and agreeing on and implementing concrete actions and sound policies. The economic growth and MDG progress seen in a number of Pacific Island countries demonstrate what can be achieved with good leadership, good policies and the support of the international community. We at UNDP look forward to working with you to accelerate MDG progress in communities, towns and villages throughout the Pacific - helping millions live a better life.

A handwritten signature in black ink that reads "Helen Clark". The signature is written in a cursive, flowing style.

**Helen Clark**  
**UNDP Administrator**

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# Abbreviations

ABC	Australia Broadcasting Commission
ADB	Asian Development Bank
AIDS	Acquired Immune Deficiency Syndrome
AusAID	Australian Agency for International Development
CSO	Civil Society Organisations
EMIS	Education Management Information System
FAO	Food and Agriculture Organization
FFA	Pacific Islands Forum Fisheries Agency
FSM	Federated States of Micronesia
FY	Fiscal Year
GDP	Gross Domestic Product
GEC	Global Economic Crisis
GEF	Global Environment Fund
HDI	Human Development Index
HIPC	Heavily Indebted Poor Countries
HIV	Human Immuno-deficiency Virus
ICT	Information, Communication and Technology
IFI	International Financial Institutions
IFRC	International Federation of Red Cross
ILO	International Labour Organization
IMF	International Monetary Fund
IPC	International Policy Centre
LMIA	Labour Market Information and Analysis
MDGs	Millennium Development Goals
MSG	Melanesian Spearhead Group
MSI	Mauritius Strategy Implementation
MWCSD	Ministry of Women, Community and Social Development
NGO	Non Government Organisations
NRBT	National Reserve Bank of Tonga
NZAID	New Zealand Agency for International Development
ODA	Official Development Assistance
OLPC	One Laptop Per Child
PCC	Pacific Conference of Churches
PFTAC	Pacific Financial Technical Assistance Centre
PICs	Pacific Island Countries
PIFS	Pacific Islands Forum Secretariat

PINA	Pacific Islands News Association
PIPP	Pacific Institute of Public Policy
PNG	Papua New Guinea
RBF	Reserve Bank of Fiji
RMI	Republic of Marshall Islands
SIDS	Small Island Development States
SOPAC	Pacific Islands Applied Geoscience Commission
SPC	Secretariat for the Pacific Community
SPREP	South Pacific Regional Environment Programme
SSF	Stability and Social Investment Facility
STIs	Sexually Transmitted Infections
TSGP	Tonga School Grant Programme
TTF	Tuvalu Trust Fund
UPE	Universal Primary Education
UNAIDS	Joint United Nations Programme on HIV/AIDS
UNDAF	United Nations Development Assistance Framework
UNDG	United Nations Development Group
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNESCAP	United Nations Economic and Social Commission for Asia and the Pacific
UNESCO	United Nations Educational, Scientific, and Cultural Organization
UNICEF	United Nations Children's Fund
UNIFEM	United Nations Development Fund for Women
UNFPA	United Nations Population Fund
UPE	Universal Primary Education
USP	University of the South Pacific
UNSW	University of New South Wales
WHO	World Health Organization

# Vanuatu Outcome Statement



## Pacific Conference on The Human Face of the Global Economic Crisis

February 10-12, 2010, Port Vila, Vanuatu

1. A Pacific Conference on the Human Face of the Global Economic Crisis was held in Port Vila, Vanuatu from 10 to 12 February 2010. The Conference was an outcome of the 40th Pacific Islands Forum held in Cairns, Australia, 5-6 August 2009, where leaders endorsed a proposal by the Government of Vanuatu for a conference to develop effective policy measures and practical responses to support Pacific countries in alleviating the adverse effects of the global economic crisis, with the objective of reducing vulnerability and building sustained resilience.
2. Participants expressed their sincere gratitude to the Prime Minister, the Government and people of Vanuatu for the excellent arrangements, warm reception and hospitality as the host for the Conference.
3. The Conference was sponsored by the United Nations, Asian Development Bank, the Pacific Islands Forum Secretariat, the Secretariat of the Pacific Communities, and the University of the South Pacific. Leaders requested that the outcomes of the conference, and the finalized national action plans, be reported to the 41st Pacific Forum in Port Vila, Vanuatu, in 2010. The Conference participants encourage Pacific Forum Leaders to renew their commitments to the achievement of the Millennium Development Goals (MDGs), and to pay particular attention to the needs of poor and vulnerable communities throughout the region—through actions at both national and regional levels.
4. Participants expressed their deep personal sympathies to the Governments and people of Samoa and Tonga concerning the earthquake and tsunami in October 2009, to the Government and people of Fiji and Solomon Islands concerning the flash floods in January 2010, to the Government and people of Tokelau for the maritime tragedy of the MV Tokelau in February 2010, and to the Government and people of Cook Islands concerning Cyclone Pat in February 2010.

## **Vulnerabilities and impact assessment**

5. The Conference was designed to assist Pacific countries to respond effectively to the combined impact of the global economic crisis; the rise and volatility of food and fuel prices; and the threats presented by climate change. It brought together national policy-makers, legislators, civil society, the private sector, youth representatives and development partners to identify short- and long-term responses to mitigate the impact of the global economic crisis on the Pacific, face future crises with greater resilience, and strengthen abilities of those most affected to formulate adequate coping strategies. The Conference recognized the importance of focusing on the vulnerable in Pacific communities, by strengthening the rights of children, youth, women, people with disabilities, people affected by HIV and AIDS, and the urban and rural poor in order to continue progress toward the achievement of the MDGs.

6. The diversity of the Pacific, in terms of land size, population, natural resources endowment, economic size and cultures, has resulted in a unique set of development and resiliency challenges in the face of the global economic crisis. The impact of the crisis has resulted in reduced and negative economic growth, lower government revenues, increased debt service burdens, declines in value of offshore investments, decreased private sector activity, loss of jobs, and reduced remittances. The high reliance on imports—especially in food, fuel, and medicine and medical equipment—combined with global fluctuations in prices, are increasing vulnerability. At the same time, relatively weak institutions and capacity constraints hinder the implementation of necessary programmes to mitigate the effects of the crisis and to improve resiliency. Compounding this situation is the overarching impact of climate change and climate variability on living conditions, livelihoods, and infrastructure.

7. The impact of the global economic crisis on the Pacific is primarily about people. It is estimated that at least 6.44 million people in the Pacific are potentially vulnerable to the impacts of the global economic crisis—defined here as women, children under 15 years of age, and people over 60 years of age—or 67 per cent of the current total Pacific population of 9.68 million. These numbers could be higher if the jobless and those struggling under debt burdens are included.

8. Households have been directly impacted through increasing unemployment, rising underemployment, reduced income from livelihood activities, and falling remittances. Lower incomes may result in less money for food, withdrawing children from school, increased gender-based violence and less use of health services, with consequences for long-term development outcomes. Urban populations are especially at risk, as they are more reliant on cash and may have less recourse to traditional food sources and social support mechanisms. An increasing number of households have been unable to meet their basic needs, and family and community support has not been sufficient to mitigate the impact. Participants recognized that women carry a heavy burden during time of economic and other crises.

## **Ongoing country responses**

9. A number of Pacific countries have developed policies and programmes to address the impact of the global economic crisis. In some cases, Governments have

pursued a combination of measures covering: fiscal stimulus packages; accelerated structural reforms; exchange rate management; realignment of budget expenditure; promotion of private sector investment and infrastructure development; social protection policies targeting health and education; and promotion of enterprise development including through microfinance. For some countries, the responses to the global economic crisis have been possible because of earlier budget surpluses and reforms, but for most it has only been possible with the support of development partners. In some cases fiscal stimulus initiatives have increased public debt.

### Forward-looking policy agenda

10. The Conference endorsed the call for strong leadership, vision, good policies and concerted action. There is a need for countries to develop or expand policy options for responding to the global economic crisis and generally to build long term resilience of Pacific economies and communities. Coordinated and sustained action by development partners will work best when it complements and builds on solutions owned by Pacific countries, and works toward the achievement of the MDGs.

11. Policy responses will need to advance gender equality, as the empowerment of women is vital for achieving development goals, and for boosting economic growth and sustainable development. There is also a need to take into account social structures, as these can have a cross-cutting effect on vulnerability. Research has indicated that traditional welfare structures and formal social protection systems in most Pacific countries have not fully met the needs, especially as economies become more monetised. While economic data and methodologies are readily obtainable, indicators which measure the impacts of these social and cultural obligations are less available.

12. The Conference considered a wide range of options for strengthening the capacity of Pacific countries, recognized the need to promote Pacific ownership, highlighted the need for sustained capacity building, and encouraged greater intra-regional cooperation and collaboration within the Pacific. Strong leadership and good governance have been and will continue to be critical to the successful implementation of these options.

- **Improving efficiency and equity in public expenditure/management:** With limited countercyclical policy options available, there is a need for further improvements in the efficiency and effectiveness of public expenditure across the board, recognizing, in particular, the needs of the most vulnerable. There is a need to ensure that within the national budgeting, planning and revenue collection processes, resources for the social sector are protected and policies put in place to manage and monitor the effective use of resources. Governments should commit to improving efficiency in use of aid; development partners should respond to government priorities, planning and budget cycles. Parliamentary and civil society oversight of public expenditure management is important for accurately targeting policies, as is public consultation and dialogue. Debt relief will enable some Pacific countries to focus more resources on social vulnerabilities. At the regional level, options to help high-debt Pacific countries cope with and ultimately overcome structural weaknesses could be considered.
- **Social services, protection and infrastructure:** The global economic crisis

presents an opportunity to re-evaluate existing social protection programmes or initiate new ones, better targeting the vulnerable. Measures which could be considered include fee-free primary education; school feeding programmes; conditional cash and in-kind transfers to the most vulnerable; greater inter-Pacific cooperation on health services and supplies; health promotion and prevention programmes, including primary health care; as well as cash-for-work programmes. Meeting the needs of the most vulnerable is especially important, including national implementation of international and regional undertakings.

- **Income creation and promotion of the private sector and informal economy:** Improvement of the legal and regulatory enabling environment for the private sector is an important measure when governments need to encourage increased investment and the development of the informal sector, as well as more micro-, small- and medium-sized businesses. Measures which enhance resilience—especially in areas such as food security, agricultural production and productivity, and management of coastal fisheries—should be encouraged, particularly legal empowerment of the poor and empowerment of women. There is need for strengthened collaboration among IFIs, local banks and governments, and the creation of specialist institutions to serve the poorest potential entrepreneurs and in particular to address the credit needs of relatively poor and conventionally non-creditworthy entrepreneurs. An area requiring regional attention is improvement of general working conditions and the welfare of workers, including in the maritime and fishing industries.
- **Improving data for evidence-based policy, planning and monitoring:** It is essential to maintain and where possible increase the collection of data to closely monitor the effects of the crisis on the vulnerable in the Pacific and progress toward the MDGs. There is a need to invest in real-time community-based data collection, as it is evident that early warning analyses would provide critical information to policy makers. With improved early warning data and analyses, policy makers and academia could conduct rapid vulnerability impact assessments, which in turn would prompt policy and budget adjustment measures to protect vulnerable populations. The quality of monitoring and evaluation would also be enhanced.
- **Sustainable green growth:** The global economic crisis presents an opportunity to reorient economies to low-carbon development, building greater self-reliance and resilience for the future. Regional efforts to improve energy management and the conservation of natural resources (especially oceans) will be critical to supporting national actions. Short-term social protection policies such as labour-intensive employment schemes should be used to improve environmental conditions, to promote green jobs and to prepare for greater use of green technologies.
- **Strategic investments in information and communications technologies:** Bridging the communication, education and literacy divide in the Pacific, will reduce transaction costs across a wide range of sectors. At the national level, information and communications technologies can be used to transform social services such as education and health, improving

accessibility and reducing long-term costs. Regional investments in submarine cables, bundled satellite access, and introduction of appropriate computing technologies can bring widespread benefits to government, private sector and communities.

### **National action agendas for 2010-11**

13. Embracing a future vision of a dignified, confident, hopeful, happy, optimistic, prosperous and peaceful Pacific—and building upon the six key areas for action—participants worked on draft two-year national action agendas which will frame policy discussions in the Pacific countries in the coming months.

14. A consolidated summary of proposed national actions is attached as Annex A. Many proposed actions are cross-cutting, and also present opportunities for regional cooperation. Action plans would be finalized by participating countries, and discussed at the Forty-first Forum Leaders meeting.

### **Other considerations**

15. The participants recognized that Pacific communities will all be affected by climate change, whilst contributing very little to the causes of it. Global recognition of the unique situation of small island developing states, and commitment of adequate resources for the needs of the Pacific were highlighted as priorities. These needs may include adaptation, mitigation, and improving social outcomes and education. In this regard, the Conference recognized the adoption on 3 June 2009 by the UN General Assembly of Resolution A/RES/63/281 on the possible security implications of climate change, and the progress toward a legally binding agreement on the reduction of emissions made at the UN Climate Change Conference in Copenhagen in December 2009. Participants looked forward to further progress on these issues at the next UN Climate Change Conference in Mexico City in 2010.

16. In recognition of their contributions toward improving aid effectiveness for development results, the Conference recognized the progress made by the High-Level Forum on Aid Effectiveness held in Paris (2005); the Pacific Island Countries/Development Partners Meeting held in Palau (2007); the Accra High Level Forum on Aid Effectiveness (2008); and the 40<sup>th</sup> Pacific Islands Forum's Cairns Compact on Strengthening Development Coordination in the Pacific (2009). The Conference also recognized the importance of the 2008 United Nations High Level Event on the MDGs in New York, and looked forward to the outcomes of the United Nations MDG Summit in New York in September 2010.

17. A high-level dialogue on five years of progress on the Mauritius Strategy of Implementation (MSI+5), sponsored by the Economic and Social Commission for Asia and the Pacific and the United Nations Department of Economic and Social Affairs, was held in Vanuatu on 8-9 February 2010. The recommendations, which were subsequently endorsed by the Conference, included how Pacific islands might address vulnerabilities as identified in the Mauritius Strategy. The reports and the

outcomes of the Pacific review meeting will comprise the Pacific submission to the MSI+5 High Level Review Meeting to be convened in New York in September 2010.

18. A High-Level Tripartite International Labour Organization meeting was held on 8-9 February 2010 in Vanuatu. Ministers of Labour, and employers' and workers' organisation representatives endorsed the Port Vila Statement on Decent Work, and the Pacific Action Plan for Decent Work, which were subsequently endorsed by the Conference. Four priority areas for national Decent Work Country Programmes were reviewed, in light of global, regional and national commitments: improvement of labour market governance; employment and growth; expanded scope of social protection; and capacity building of tripartite partners. The meeting also recognized the need to focus on women, youth, the informal economy and the impact of climate change; and the need for a jobs-led response to the global economic crisis.

19. UNICEF sponsored a conference 8-9 February 2010 in Port Vila, comprising eight Pacific youth delegates, to discuss the impact of the global economic crisis. The delegates discussed the impact of the crisis on issues most relevant to young people. The youth delegates recommended potential solutions addressing the concerns of Pacific youth, and also specifically noted the impacts of urban drift and climate change on economic opportunities. They urged leaders to work in partnership with Pacific youth to make greater investments in children and young people.

## **Acknowledgements**

20. The conference was attended by the President of Kiribati; Prime Minister of Vanuatu; Vice Presidents of the Federated States of Micronesia and Palau; Ministers from Fiji, Marshall Islands, Nauru, Niue, Papua New Guinea, Samoa, Timor Leste, Tonga and Tuvalu; Parliamentary Secretary from Australia; and representatives from Cook Islands, European Union, New Zealand, Solomon Islands and Tokelau.

21. The participants noted with appreciation the wide range of participants at the Conference, whose breadth of experience and critical substantive inputs helped to foster rich and fruitful dialogue. Participants included representatives from Australia, Canada, China, Cook Islands, Federated States of Micronesia, Fiji, France, Japan, Kiribati, Marshall Islands, Nauru, New Zealand, Niue, Palau, Papua New Guinea, Philippines, Russia, Samoa, Solomon Islands, Timor Leste, Tokelau, Tonga, Tuvalu, United Kingdom, United States, and Vanuatu. International and regional organisations representatives included: Asian Development Bank, Commonwealth Secretariat, Economic and Social Commission for Asia and the Pacific, Food and Agriculture Organisation, Forum Fisheries Agency, International Labour Organization, International Monetary Fund/Pacific Financial Technical Assistance Centre, Melanesian Spearhead Group Secretariat, Oxfam, Pacific Aviation Safety Organisation, Pacific Islands Forum Secretariat, Save the Children, Secretariat of the Pacific Communities, South Pacific Regional Environment Programme, United Nations Department of Economic and Social Affairs, the Joint United Nations Programme on HIV/AIDS, United Nations Children's Fund, United Nations Development Programme, United Nations Educational, Scientific and Cultural Organisation, United Nations Fund for Population, United Nations Fund for Women, University of the South Pacific, World Bank, World Health Organisation.

## Outcome Document: Annex A - Consolidated summary of proposed national actions

ACTION	COUNTRIES
<b>Improving efficiency and equity in public expenditure/management</b>	
Control operating expenditure	Fiji
Macroeconomic and structural reform	Fiji, FSM, RMI, Samoa, Tokelau
Review of social welfare system	Cook Island, Tonga
Tax reform	FSM, Fiji, Cook Islands, Niue
Better coordination to access development assistance	Fiji, Cook Islands, Tonga, Palau, PNG, Solomon Island, Tokelau
Mainstream sectoral planning/budgetary processes gender, climate change, youth development, disaster risk management	Vanuatu, Tonga, Tokelau
Review of national development strategy	Tuvalu, Tokelau
Development national budget 2010-11, protecting allocations for social	Tuvalu, Solomon Islands,
Development forward-looking policy package for future crises for future crises	Tuvalu, Tokelau
Strengthen fiscal management tools, and analysis	Cook Islands
Improve public sector management	Cook Islands, Tokelau
Strengthen national planning	Cook Islands, Tokelau
Legislative reform and youth congress/parliaments	Palau, Tokelau
Regional sharing of experiences and lessons learnt	PNG, Tonga, Fiji, Solomon Islands
Renewed attention to fighting corruption	Solomon Islands
Action	Countries
<b>Social services, protection and infrastructure</b>	
Improved health and safety standards and policies	Cook Islands, Vanuatu, Tonga, Tokelau
Access to education and assistance for education-related costs	Kiribati, Fiji, Vanuatu, Niue, Tonga, Tokelau
Improved health services to outer islands and rural areas	Kiribati, Solomon Islands
Improved health services for women	Kiribati
Programmes for gender-based and domestic violence	Kiribati, Nauru
Enhance primary and preventive health care	RMI, Nauru, Niue, Palau
School lunch programme	RMI
Increased welfare assistance	Fiji
Capacity building for teachers and health professionals	Vanuatu
Address special needs of people with disabilities	Vanuatu, Nauru
Strengthening partnership and dialogue with NGOs on service	Cook Island, Tokelau
Improved rehabilitation programmes for at risk youth	Cook Islands
Continue implementation of Education Master Plan	Cook Islands
Ratify the Convention on the Elimination of All Forms of	Nauru
Continue implementation of 2006 Health Review	Nauru
Adult education and life skills training	Nauru
Social support mechanisms for stay-at-home spouses, especially for	Kiribati
Short-term employment and cash-for-work schemes	Niue
Mechanism to reduce burden of traditional obligations	Samoa

Improve participation of women and youth in social policymaking	Samoa, Tokelau
Increasing the number of women in Parliament	Kiribati
Review of programmes targeting vulnerable groups	Samoa
Food voucher system	Fiji
<b>Action</b>	<b>Countries</b>
<b>Income creation and promotion of the private sector and informal economy</b>	
Promote regional labour mobility	Fiji, FSM, Vanuatu, Niue
Increased focus on sustainable fisheries development	FSM, RMI, Cook Islands
Facilitate and attract foreign investment	Kiribati
Accessible finance for private sector	Kiribati, Vanuatu
Develop national sustainable agriculture policy, and promote local agriculture	Kiribati, Vanuatu, Cook Islands, Solomon Islands
Increased support for and focus on construction	FSM, Fiji
Increasing income opportunities for women	Kiribati, Tokelau
Labour market reform	Fiji
Develop new export strategies, and highlight specific sectors to	Fiji, Cook Islands, Solomon Islands
New financial and regulatory incentives to support public-private	Fiji
Access to income and credit	Vanuatu, Tonga
Support vocational training, apprenticeship and skilled labour	Vanuatu, PNG
Subsidise selected air routes	Cook Islands
Include enterprise education and financial literacy in primary	Cook Islands
Eliminate trade barriers	Nauru
Increase minimum wage and salaries	Samoa, Tokelau
Integrated rural development and land reform	Fiji
Draft and implement policy on informal sector	PNG
<b>Action</b>	<b>Countries</b>
<b>Improving data for evidence-based policy, planning and monitoring</b>	
Strengthening monitoring and evaluation, and reporting processes	Fiji, Vanuatu, Cook Islands, Tonga, Palau, Tokelau
Strengthening data collection and analysis, including at local level	Fiji, Vanuatu, Cook Islands, Tonga, Palau
Improved early warning data and analyses	Tonga
<b>Sustainable green growth</b>	
Develop national energy policy and programme	RMI, Niue, Tokelau
Implementation of renewable energy strategy	Cook Islands, Tokelau
Transfer of green technologies	Tonga
<b>Strategic investments in information and communication technologies</b>	
Regional investment in and development of ICT	Fiji
Deregulation of telecommunications industry	Cooks Island
Regional approach to banking to better support business	Cook Islands
Use of ICT to improve social service delivery	Solomon Islands

# Opening Statements

## **Address by Hon. Mr. Edward Nipake Natapei, Prime Minister for Vanuatu**

Heads of Governments from Pacific Island Forum Countries;  
Honourable Ministers, Parliamentary Secretaries;  
The Administrator of UNDP and the Executive Secretary of UNESCAP;  
Secretary General of the Pacific Island Forum;  
Heads and Representatives of Regional Organizations and International Multilateral Agencies;  
Dean of the Diplomatic Corps;  
Excellencies;  
Senior Government Officials;  
Ladies and Gentlemen

It is an honour and privilege for me, my Government and the people of Vanuatu to extend a very warm welcome to you all to this very important conference “The Global Economic Crises”. You all are special to us and my officials and the organizers will be there to ensure that your stay in Vanuatu is a memorable one.

I welcome and acknowledge the presence of Heads of Governments, Ministers, Parliamentary Secretaries and Senior Officials from Pacific Forum Island Countries. I look forward to your participation in making this conference a successful and worthwhile one for our entire region.

May I also extend a very special welcome to the distinguished Representatives of the United Nations and its Specialized Agencies. Miss Helen Clark, the UNDP Administrator, who not too long ago was one of our Pacific Island Forum Leaders. The Pacific is indeed blessed to have someone like her in a very senior position in the United Nation, and I have no doubt that our voices will now be heard clear and loud in the UN system.

Dr Noeleen Heyzer, the Executive Secretary of UNESCAP who I believe is visiting Vanuatu for the first time, is most welcome. I trust that her presence here today signals a renewed commitment to further strengthen the capacity of UNESCAP to help realize the social and economic development aspirations of Pacific island developing countries at this critical juncture of our history and development.

It goes without saying that the organisation of this conference is timely for Pacific Island countries, coming at a critical period in our development path for the future. May I therefore thank each and every bilateral partners and multilateral agencies for their inputs and commitments towards organizing this historically important conference.

This conference will discuss not just what the global economic crisis is about and how it has affected Pacific Island people, but also chart the future direction that our countries should take. The extensive involvement of Senior Pacific Island leaders, officials, development partners and academics should give us confidence in our future plans. Let us use this occasion to create opportunities that will be supportive of long term measures for the sustainable development of our region.

Ladies and Gentlemen, let me at the outset make some remarks about the global economic crisis. These remarks are not necessarily new but appropriate to reflect on what we are faced with. First, let me state that many leaders of the developing world have blamed the crisis directly on some of the developed economies and their economic and financial policies as opposed to previous global economic crises.

At least this time around developing country governments have not faced the criticism that they did during the 1997-1998 Asian Financial crises. While there are multiple causes for the global crisis, many have pinned it down to 'extensive excesses' which simply means doing business with more of others' than one's own money. Excess risk taking happens when individuals or institutions have a perception that they get a share of gains but need not share in the losses. It was failure on the part of Governments to have prudent management over financial institutions on their lending portfolio.

In the developed world the financial sector has grown rapidly and in many instances the productive sector including other goods and services have not grown commensurately. The belief that excessive 'financialisation' in the developed countries would result in massive wealth creation was undermined by the distribution of wealth in the hands of a few as a result of self interest and greed leading to increasing inequalities.

For example, in the US, share of labour in the growth was far less than that of capital, and in many other developed economies the trends are similar. There are lessons for developing countries, and indeed for us in the Pacific Islands countries about 'extensive excesses' not only in the financial sector but in our fiscal management as well.

### **Responses to the Global Economic Crisis**

The responses to the global economic crisis by governments around the world are well known. The fiscal stimulus adopted by many developed and developing countries have, for the time being, averted the disasters that some had predicted. While some of the large emerging economies such as China, India and Brazil may have fared better, many others have not, and the economic recovery of developed countries is still very tentative.

Decline in foreign trade taxes, remittances, aid, commodity prices and capital inflows have in some cases severely threatened the fiscal positions of many developing countries. In many of them, social spending such as in health and education has been badly affected. Pacific Island economies were not spared by these trends.

In 2009, almost all Pacific Island economies achieved lower levels of economic growth compared to 2007 and 2008. Much of the decline was directly linked to the global economic crisis. For 2010, the forecast is generally lower for all the countries with continued decline in investments, tourists, exports and remittances.

Vanuatu achieved growth rates of 6.6 percent in 2007 and 5 percent in 2008 but the projected growth rates in 2009 and 2010 have been revised to 3.5 percent - a sharp decline of 0.8 percent respectively. Vanuatu has over the past few years invested in the tourism infrastructure especially on the island of Santo, which resulted in an increase in the number of tourists. In 2007 for example, tourism sector contribution to its GDP was 38.8 percent and provided 34.9 percent of total employment in the country. Vanuatu's future growth prospect will hinge on several factors - tourism prospects in other Pacific Island countries, the employment

situation in Australia and New Zealand and the performance of its agricultural sector and the export of beef. Let me now turn to regional responses to the crisis.

### **Pacific Island Countries' Response**

The speed with which many of our governments and development partners acted to ensure that Pacific Island countries were not severely affected as a result of the global crisis is commendable. Several policy interventions have been pursued by the Pacific Island countries. These include monetary, exchange rate management, fiscal, structural and social protection policies.

Some island countries have also adopted a certain degree of fiscal stimulus strategy. This has been one of the key policy choices available to us to ensure that the effects of the crisis are minimized through increased economic activities by creating demand in our economies. However, we also know that fiscal stimulus increases our public debt, which imposes a major burden on future generations.

At the global level, there are signs of stabilisation as a result of massive injection of stimulus packages by both developed and large emerging economies but this is predicted to be fragile. This means that tourist numbers to our shores, export demand, remittances and aid volumes could still be affected, sluggish and subdued.

We therefore need to remain vigilant and active to ensure that our policies and economic reforms strongly support the enabling environment for economic growth. In addition, we have to pay special attention to our social protection policies to ensure that our poor, our children and our women, who are the most vulnerable, are not left behind. For example, it is estimated by UNICEF and UNDP that 18,000 children under the age of five die every year in the Pacific region, which is fifty deaths a day or one death in every thirty minutes.

Ladies and gentlemen, if we do not take appropriate action now, it is predicted that the impact of the crisis could result in more malnourished children and ultimately more deaths.

Before I highlight few other issues that we may consider in our discussions in this conference, let me also make some remarks on our past performances and what it means for us in the future.

### **Review of the last decade**

Ladies and Gentlemen, while the global crisis has preoccupied our minds for the last 2 years, let us not forget that even without this crisis many of our countries were not doing well. Our growth rates have generally remained sluggish over the last 15 years and this has also affected the pace of our social development. Despite having made some progress in some areas, including achieving reasonable levels of economic reform, you will agree that we have also lost many opportunities to put our countries on a more secure social, political and economic footing.

Without the crisis, we would have still struggled with economic, social and political decline in some of our countries. What did we do wrong? Are there lessons for us to learn at this critical point? Are there new opportunities that we can discern on the horizon and develop our 'radar capability' to make use of those opportunities? Do we need a new roadmap for creating sustainable energies for our development? Does this mean that we are at a new 'departure point'?

I believe that the current economic crisis allows us to review, reflect and rethink what we have done in the past. Pacific Island countries from the late 1980s and through the 1990s have pursued structural adjustment policies. They concentrated on macro-economic policies to stabilize their economies, improved market access to enhance our exports, promoted public and private partnerships and undertaken micro-economic reforms to enhance competition and productivity.

These, we could say were the first generation reforms with mixed successes. This was followed in the last decade by a focus on the second generation reforms which concentrated on institution and capacity building in our region.

In some areas of economic and political governance we can give ourselves some credit and say that we have been successful. But in many areas, the many opportunities have been lost due to poor and ill-executed plans and policies coupled with lack of capacity and economic governance.

Therefore, ladies and gentlemen, if we feel that we have not succeeded in some areas then we must ask why? What has gone wrong? What is required to address this issue? Have we monitored and evaluated fully what we have done in the last decade? We need to learn more not only to do things right, but also to change the way we do things in the Pacific Islands.

### **Opportunities and Choices for the Future**

Despite the pain of the global crises, Pacific Island countries can come out of this crisis with better choices and more opportunities. We have concentrated on adjustment and institution building in the last two decades, and there may still be a need to concentrate more on institution building.

But we will have to move to the next generation of changes. These should include the transformation of our economies to a knowledge-based economy. Investments in knowledge infrastructure in the next decade could define our ability to become competitive in an increasingly globalised information economy. The competitiveness and linkages of our key industries such as tourism, agriculture and fisheries to each other will depend on how effectively we can create a knowledge economy supportive of the production of the goods and services in those sectors.

The further development of agriculture and fisheries for future food security will require new and sustainable techniques of production. Production process and methods that are environmentally friendly and that adapt to climate change will ensure that our agriculture and fisheries sectors remain relevant for our peoples' livelihoods. Adaptation and mitigation measures to reduce the adverse impacts of climate change will require our countries to develop better and sustainable knowledge bases.

The Copenhagen summit failed to get a global commitment to halt high carbon emissions. There is, however, some hope that the Mexico summit will agree for a limit of 2 degrees centigrade in global temperature rise. However we in small island states fear that even with a 2 degree rise in temperature, the existence of many of our islands will become very severely threatened. We need the support of our “developed country friends” to assist us achieve this goal. Pacific Island countries will have to respond to this by ensuring that we are able to develop climate resilient farming techniques. Once again, new technology, new methods and new knowledge will be required to do this.

The tourism industry promises to be a sustainable industry for the future. Yet, it is fraught with uncertainties, including the impacts of climate change. Our ability to deal with these challenges would be better served by developing the structures for a well-developed knowledge economy.

We will have to build better local capacity and stem the migration of skilled people by ensuring a sustainable education system and employment opportunity. Developing and promoting a knowledge economy will require investments in education at all levels. Countries such as Vanuatu, Solomon Islands and Papua New Guinea still require more quality investments in primary and secondary education.

I believe that our donors and development partners will need to consider some strategic shift to help in this transition. The next generation of reforms and transitions will require new approaches from our donors and development partners. Allowing Pacific Island countries to explore options and giving them time and space will help create the environment to think about the new opportunities and choices. Pacific Island countries are unique and have a special status and this should be taken into account when negotiating international and regional economic and trade agreements.

## **Governance and Politics and Leadership**

Let me now turn to the issue of leadership and governance. There is no denying that this issue is vital for our development and equally there should be no denying that our leadership, both political and economic needs further consideration.

Today, we are faced with difficult choices. A good distribution of public resources and in many cases scarce resources is vital if we are to address social development problems in our countries. Good governance relates to the quality of leadership that is sensitive to the competing needs of various groups in our society. The ability of leaders to promote ‘social cohesion’ in our societies will depend on how they are able to promote the development of basic needs and capabilities of all their people.

As leaders we must ensure effective and efficient performance of the public sector through appropriate reforms. This will not only enhance efficiency but also provide effective policy implementation at the whole of Government level.

We call on our donors and development partners to be more conscious of the “local” situation in each of our countries and be pro-active to the needs of poor and disadvantaged if we are to realize the Millennium Development Goals (MDGs) and the objectives of our own Pacific Plan realistically.

While economic growth based on market forces is an integral part of our economic policies, social objectives cannot be left to market forces alone. It is imperative therefore that together with our focus on economic policies, we should also ensure that governance and leadership structures support the development of appropriate social policies in our countries.

It is also important to note that because of constraints of available resources, many Pacific Island countries have to balance allocation of their resources between social and productive investment sectors. This directly impacts on the quality of service delivery. I wish to suggest to the international community that they should provide direct support to the development and implementation of social policy measures.

We need to create the demand, acceptance and recognition for good governance. Unless there is this demand, acceptance, and recognition of political leadership is likely to shy away from addressing this issue.

### **Concluding Comments**

I am pleased that this conference includes sessions that address a wide range of issues and these should provide an opportunity for all of us to develop a “radar capability” for the future. My question is, will international organizations simply put up recommendations which are measures that they are recommending elsewhere in the world or will they go to the trouble of doing the hard work of identifying what are uniquely Pacific Island features of the global economic crises and devise tailored solutions for the Pacific?

I am optimistic that the issues I have raised will be seriously debated during the conference and at the end of this Conference come up with a menu for our future plans and policies. These, in my view, should include plans for transition to a knowledge based economy. Together with this we need to support the development of tourism, agriculture, fisheries and other productive sectors through appropriate infrastructure, technology and adequately trained human resources.

Ladies and gentlemen, I look forward to a constructive discussion and concrete outcome from this conference. Please also take time out to enjoy our unique, safe and beautiful country while you are here and as host we will do all we can to make your stay a productive and memorable one.

Tank yu tumas

## Keynote Address by Miss Helen Clark, Chair of UN Development Group and UNDP Administrator

It is a pleasure for me to address the opening of this “Pacific Conference on the Human Face of the Global Economic Crisis.” At the outset, let me express my thanks to the Government of Vanuatu for hosting this conference. All of us are most appreciative of the hospitality of the government and people of Vanuatu. From the warm reception we have received, it is not hard to believe that Vanuatu has in recent years been voted the happiest place in the world!

In the United Nations development system we have been very concerned about the impact of the global recession on developing countries – and in particular on the least developed and low-income countries, many of which have the fewest options for implementing a fiscal stimulus and financing social safety nets.

The presence at this conference of so many high-level government delegates from Pacific Island countries, as well as from civil society organisations, academia, and multilateral, regional, and bilateral development partners is a clear indication not only that you share this concern, but also that this meeting can be a useful forum for discussion of the impact of the crisis and of policy options going forward. The proposal to hold this conference was formally noted by the Pacific Islands Forum leaders when they met in Cairns last August. They resolved to review the recommendations from Port Vila at their 2010 summit. That gives our work here added importance.

Over these three days we will assess the impacts of the global crisis on the Pacific and the lessons learned; discuss ways to mitigate those impacts; and identify how to strengthen resilience to future crises. Let me put some context around the challenges which the South Pacific is facing. The IMF is now projecting that the world economy will grow by 3.9 per cent this year, after an estimated drop of 0.8 per cent last year.

The forecast improvement in the overall economic outlook, however, tends to mask the toll which the global crisis has taken on human development. That is likely to be felt for years to come.

The cumulative effects of the food, fuel and economic crises and of natural disasters too, have adversely affected progress on the Millennium Development Goals in this region and at the global level.

Even before the crisis, a number of Pacific Island countries had been facing challenges associated with low rates of economic growth and increasing unemployment.

Advances towards the MDGs in this region had been mixed. A number of countries had shown good progress on most, if not all, goals. Some countries were lagging behind on one or more MDGs, while others were making little progress on any. The recession and other concurrent crises have made the task of reaching the MDGs harder.

UNDP calculates that in the twelve countries for which data are available, the poverty rate has worsened over the last two years as the incomes of the poorest and most vulnerable people declined. Only those countries with mining and hydrocarbon exports, such as Papua New Guinea, or benefiting from increased tourism and a range of reforms, such as Vanuatu, are estimated to have grown at a reasonable rate over the last year.

Five Pacific Island national economies are estimated to have contracted in 2009, mostly because the global recession has eroded their income from exports, tourism, and remittances. In Tonga, for example, the value of remittances fell by fourteen per cent in the year ending June 2009. As global economies around the world contracted and asset prices declined, some Pacific countries also experienced reductions in investment income and capital losses from trust funds and sovereign wealth funds, adding to the fiscal squeeze upon them.

Behind the facts and figures about falling exports and remittances are the human stories of the families and communities who are affected – of those who have found basic goods and services harder to pay for and have experienced increasing levels of poverty and hardship. Pacific media have been carrying harrowing stories of people's struggles to meet their daily needs. There is the carpenter in Fiji who faces rising costs, but lower demand for his services. There is the single mother of three in the Solomon Islands, trying to cope with very limited income from selling produce. There is the out-of-work seafarer from Tuvalu struggling to support his family.

With families facing shrinking livelihoods, with job losses, and with governments confronting lower revenue, rising costs, and pressures to cut back on spending, men and women in the Pacific, and indeed around the world, have been facing difficult decisions. Can they afford basic health care? What food and shelter can they afford for their families? Will their children be able to go to school, and from where would they get the money for fees, uniforms, and books?

So, how have Pacific Island nations responded to these challenges?

Some have reacted quickly to the global recession, putting in place programmes to stimulate growth and domestic demand through tax cuts, infrastructure spending, and employment measures.

Some have extended the coverage of social protection to lessen the burden on their most vulnerable populations. Fiji, Samoa, and Vanuatu, for example, have been amongst those who put in place measures to reduce the costs of education. Others have begun to implement such programmes. Most countries, however, have had little scope for far-reaching countercyclical economic policies. Their budgets were already tight, and there has been little scope for finding extra revenue or for extra borrowing. Tough times call for lateral thinking, and for new ways of addressing the fundamental problems standing in the way of development.

UNDP has identified five areas where action could help bring about better development results.

First, with limited countercyclical policy options available, there is a need for further improvements in the efficiency and effectiveness of public expenditure across the board. Every dollar counts – and must be carefully prioritised, with the needs of the most vulnerable put first. The countries most susceptible to the adverse impacts of the economic crisis over the longer term will be those which do not address structural problems or prioritise social expenditures.

Second, the crisis presents an opportunity either to initiate or to broaden existing social protection programmes. Measures which could be considered include school feeding programmes; cash and in-kind transfers to the most vulnerable; and cash-for-work programmes. Meeting the needs of women and children, an area of focus for this conference,

is especially important. While such measures are clearly not cost free, the evidence suggests that they can have results which go beyond the temporary alleviation of suffering. Well designed, they can help make societies more crisis-resilient over the longer term, and contribute to more stable and equitable growth. Although countries in the region differ in their needs and in their technical and fiscal capabilities, there is much to be gained by exchanging experiences and co-operating in the design of social protection programmes. The UN can and does support such efforts.

Third, policy responses will need to advance gender equality, so that women as well as men can benefit from job creation and investments in social infrastructure. Empowering women is vital for achieving development goals overall, and for boosting economic growth and sustainable development. Where progress is lagging on the MDGs globally tends to be related to the low prioritisation given to the needs and status of women.

Fourth, this is a time to be encouraging the development of more small and medium-sized businesses and business investment. Many young Pacific people leave school without prospects for paid work. Small and medium-sized enterprises can help generate jobs and offset the decline in remittances from offshore. The long-term growth of any economy needs a strong private sector. Encouraging in this regard is the programme in Samoa which introduces entrepreneurship into the school curriculum. The aim is to provide young people with the skills they need to start their own businesses.

Fifth, the crisis presents an opportunity to reorient economies to low-carbon development – building greater self-reliance and resilience for the future. The Pacific has all the scope in the world for a carbon-neutral energy future – given the necessary support for the funding and transfer of renewable energy technologies.

Worldwide, integrating efforts to reduce poverty and achieve the MDGs with those to protect the environment and tackle climate change is critical. As we are all aware, climate change for a number of Pacific Island countries is not just an environmental or economic issue – it is about their very survival.

In responding to economic and other crises, strong leadership, vision, good policies, and concerted action are needed. International partners also have an important role to play in supporting Pacific nations. The Pacific has committed development partners. It is to be hoped that their support for developing nations in this region will continue unabated despite the impact of the recession on their own economies.

One way to help is by keeping labour markets open to Pacific workers, including on a seasonal basis. Remittances back to Pacific nations form a significant part of the GDP of a number. They play a role in boosting family living standards and access to services, including health and education. They are also positive for mobilising funding for local community infrastructure. UNDP's 2009 Human Development Report on migration made a strong case for enabling orderly migration flows, so that they could benefit both the source and the destination countries and communities.

The quality and the co-ordination of development assistance counts a lot too. As reflected in the Cairns Compact from last year, and in the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action, both need to be improved. The onus is on all development contributors to co-ordinate closely and with governments to maximise development impact.

The UN development system has been working together to do just that in response to the economic and financial crisis, and in supporting Pacific countries to achieve the MDGs.

For example, UNDP and UNICEF, together with the Asian Development Bank, AusAID and the World Bank, have been helping a number of Pacific countries to assess the impact of the crisis on their economies and develop effective social protection measures. UN agencies are also working with their partners to provide more access to microfinance and micro-insurance, especially for Pacific women. We work with many partners, including private sector banks and mobile phone companies. In responding to the food crisis, FAO, UNICEF, and WHO have been helping countries in this region to introduce best practice in food control systems and food production to improve food security.

A number of UN development agencies have been assisting Pacific countries to expand access to affordable and renewable energy technologies. These programmes have taken on a greater emphasis in the context of the volatile fuel prices of recent years. We are also supporting countries in this region with climate risk management and adaptation, and disaster risk reduction. So many countries in the Pacific are highly exposed to natural disasters – as last year’s devastating tsunami which hit Samoa and Tonga reminded us – and as the cyclone season regularly does. Disaster risk reduction must be given very high priority in national development plans and actions to save lives and safeguard vital infrastructure in the future.

Concurrent crises have taken a heavy toll on people across the Pacific, and have made it harder to achieve the MDGs. But the peoples of the Pacific are highly resilient, and there are opportunities – not least those which could come from leveraging off the emergence of Asia as a global centre of gravity for economic growth.

The improvements in growth rates and the progress towards MDG targets observed in a few Pacific countries before the crisis demonstrates what can be achieved with good leadership, good policy, and the right level of support from the international community. If we get the basics right, Pacific nations will move forward to achieve the MDGs and other internationally agreed development goals too. In September this year there will be a major MDG Summit at the United Nations in New York, designed to galvanize and accelerate action towards meeting the goals by 2015. I hope that the strong and united voice of the Pacific will be heard there. Action under the Cairns Compact of the Pacific Islands Forum will contribute to that momentum.

Working together, pooling our strengths as contributors to development, we can build the resilience to overcome present and future crises, and bring about lasting improvements in the lives of the peoples of the Pacific.

# Summary of Proceedings:

## Day One

### 1.1 Impact of the Global Economic Crisis in the Pacific

The first plenary, chaired by Tuiloma Neroni Slade, Secretary General, Pacific Islands Forum Secretariat (PIFS), introduced the impacts of the global economic crisis, as well as fluctuating commodity prices, climate change and evolving social conditions on people of the Pacific and set the scene for the themes to be discussed throughout the conference.

In the lead presentation, Ms. Noeleen Heyzer, Executive Secretary, Economic and Social Commission for Asia/Pacific (ESCAP), underlined the focus of the conference on the impact of the crisis on people. Development strategies are increasingly dependent on external sources of growth such as tourism and remittances and as a result, global changes have a significant effect on small countries. The economic crisis provides an opportunity to make major shifts so that emphasis is placed on people, given that resilience in the Pacific is based on social foundations. At international level, given the important role which ODA plays in this region, she advocated for the international community to renew its commitments as noted in the Monterrey Consensus. In addition to traditional sources of funds, new sources of funding, including those committed in the Copenhagen Accords, need to be accessed.



***L-R: Ms Noeleen Heyzer, Executive Secretary, UNESCAP and Tuiloma Neroni Slade, Secretary General, PIFS***

At regional level, regional cooperation through the Cairns Compact and the South-South modality, including among least developed countries as well as between Asia and the Pacific, needs to be promoted among Pacific SIDS. Regional cooperation with countries in Asia could enable countries of the Pacific to mitigate the impact of the crisis, including on women and children. National development plans developed through a consultative process should consider social policy for a more inclusive and sustainable world for all. Green growth and green jobs should be adopted as part of the development strategies in order to foster inclusive and sustainable development in Asia and the Pacific.

The presentation by His Excellency Mr. Anote Tong, President of Kiribati, drew attention that in addition to the global economic crisis, countries of the Pacific face the challenge of climate change and global warming. He noted that while much campaigning on climate change has taken place on behalf of the people of the Pacific outside the region, there has hardly been much discussion within the Pacific region. He advocated for concrete steps to address the climate change challenge.

Introducing the issue of social protection, Dame Carol Kidu, Minister of Community Development, Papua New Guinea highlighted that the request made in Singapore in January 2009 for a Pacific meeting on the human impact of global economic crisis and endorsed by the Pacific Islands Leaders has become reality. Similar to countries in Asia, the experience of Papua New Guinea does not reflect the realities of other Pacific island countries. Papua New Guinea has been fortunate in that it was relatively unaffected by the global economic crisis. Although Government revenue has declined, government spending has remained stable due to government savings from previous years. New investments for development budget are expected but some stimulus package spending has not been realized. Liquefied natural gas (LNG) was expected to significantly change the economy and a sovereign fund based on revenue from LNG is being established for future generations. Since most people have little interaction with the LNG sector, its impact on people' quality of life will be largely indirect.

The resilience of local communities to embrace community-based policies and strengthen financial accessibility through improved access to microfinance rests on the social policy framework. Social protection, including universal access to basic education and health services, is thus a cornerstone of development. As countries take ownership of and leadership over their development agenda, poverty can be tackled.

As one of the discussion panelists, Mr. Larry Greenwood, Vice-president of the Asian Development Bank (ADB) pointed out that the crisis has interrupted the relatively slow growth of the Pacific. As countries work towards the recovery, it is important to maintain social protection programmes and focus on prioritization and efficiency.

Given the social impacts of the crisis and the processes involved, Mr. Jimmie Rodgers, Director-General, Secretariat of the Pacific Community (SPC), challenged delegates to think outside the box. In recent years, Pacific countries with a population of 9.5 million people have had to recover from the economic impacts of the tsunami, high prices of food and fuel, and the global economic crisis. Yet economic reform has often been prioritized over social impacts. As current growth rates increase, there are many challenges ahead. Although more than two-thirds of countries in the Pacific have done well on MDG2 on education, the more populous countries such as Papua New Guinea, Solomon Islands and Vanuatu do not have enough classrooms. Moving classrooms to students would be forward-looking, as education is also linked to health. The gap between current challenges and where countries are now means that the decisions made today, together with support from partners, will affect the lives of Pacific children. Innovative solutions need to be proposed to the Forum Leaders.

Several key issues emerged during the presentations and discussions. Regional integration and cooperation were seen as key to solving some of the challenges faced by countries in the Pacific and to fulfill the vision of peace and economic prosperity for the region. The importance of infrastructure to both economic and social development was highlighted. Education and skills to access labour markets in developed countries were seen as instrumental to enable people to live with dignity. On the issue of climate change, countries that have not signed the Copenhagen Accord will not be able to access funds pledged for adaptation. There were mixed responses to the issue of relocation due to climate change and sea level rise. In Papua New Guinea, relocation has occurred as a consequence of natural disasters. Solutions to address the potential relocation of Pacific islanders living on atolls will have to recognize the importance of ownership.

### **1.1.1 Impact assessment of the global economic crisis at macro-level**

Two Roundtables were organized to consider the impact assessment of the global crisis at (a) national level on economic growth, trade and employment and (b) at community levels: on women, children and other vulnerable groups respectively. Roundtable A was

chaired by Honourable Mr. Loteba Redfern, Minister of Labour and Commerce, Government of Kiribati, with presentations from Cook Islands, Tonga and Tuvalu. The country presentations focused on the financial, human and institutional constraints that impede on capacities to fully address the impacts of the crisis, and were followed by technical contributions by the Asian Development Bank (ADB), the Pacific Financial Technical Assistance Centre (PFTAC) and the International Labor Organization (ILO).

## Cook Islands

The Cook Islands presentation by Ms. Elizabeth Koteka, Director of Planning, Office of the Prime Minister, highlighted the key characteristics of the Cook Islands economy - a narrow economic base with limited primary resources and a strong focus on tourism, a small domestic market (a population of 13,000) and private sector-led key industries. In 2008, the economy contracted in real terms by 1.2 per cent due to falling visitor arrivals, weak domestic activity, declining private sector credit, high inflation (driven by high oil and food prices) and poor export performance. While the economy grew by an estimated 0.6 per cent over 2009 as growth was recorded in visitor arrivals, with lower levels of inflation, domestic activity remained weak and lending to the private sector continued to decline.

In response and in order to raise aggregate levels of demand, Government adopted an expansionary fiscal stance for FY2011, aimed at increasing tourism marketing efforts, increasing economic opportunities in the outer islands, improving community welfare (especially for the vulnerable) and raising infrastructure spending to boost short term activity. Prospects for the near term appear positive given the economy's resilience over 2009, and expectations about the recovery in global demand. However, Government is mindful that a number of risks to growth remain in the short term: inflationary pressures through the recent surge in fuel prices continue to suppress demand, and the wealth gap continues to rise (the vulnerable, in particular, are most exposed to the impacts of the economic downturn). Initiatives to improve welfare, reduce the cost of living and build infrastructure to support the community will remain Government's priority over the medium term.

## Tonga



*Ms. Faletau, Deputy Secretary, Ministry of Finance and National Planning, Tonga presents on behalf of the Tongan delegation*

Tonga's presentation by Ms. Tufui Faletau, Director of Policy and Planning, Ministry of Finance, highlighted the resource-based structure of the economy, with agriculture, forestry and fisheries accounting for 9 per cent of economic output, transport and communication currently 8.2 per cent of GDP and construction 7.9 per cent of GDP. The largest contributor to GDP is remittances (about 31%).

Tonga's economy is estimated to have contracted by 0.4 per cent in FY2010 as a result of the crisis. The transmission mechanisms over FY2009 include: (i) a sharp fall in remittances (from 31% of GDP to 22% of GDP), (ii) lowered export incomes (export agriculture—primarily of squash, vanilla and fish—fell by 35%), (iii) subdued domestic demand (the commerce

sub-sector declined by 6% in FY2009), (iv) a slight fall in tourism arrivals (by 2% year-on-year), a sharper reduction in receipts (by 5.6% over the same period), and (v) a TOP\$36 million reduction in Government revenues. The trade deficit narrowed to an estimated 37 per cent of GDP with exports declining by 5.5 per cent and imports falling by 11 per cent. International reserves rose but largely as a result of one-off factors, including the recent allocation of SDRs by the IMF and the disbursement of donor grants, rather than declining imports. The impacts of the crisis were felt sooner, and to a greater extent than initially expected and served to highlight underlying structural weaknesses.

In response to the crisis, the National Reserve Bank of Tonga (NRBT) eased monetary policy via a progressive reduction of Statutory Reserve Deposits (from 15% to 5%) and interest rates on its repurchase facility for commercial banks (from 10% to 4.5%), and stopped issuing central bank bills. However, credit conditions remained constrained as commercial banks repaired their balance sheets.

Government's fiscal position worsened considerably in the first half of FY2010, putting pressure on planned fiscal stimulus programmes such as wage increases (as part of on-going civil service reforms) and increased infrastructure spending. The FY2010 budget estimated a fiscal surplus of TOP\$17.3 million. However, the sharp fall in revenues early in the fiscal year necessitated a revised projection and by December 2009 a fiscal deficit of TOP\$13.8 million was forecast. In response, Government tightened fiscal management, including implementing cost cutting measures, to ensure that the deficit did not widen further and to stabilize the economy.

The presentation also focused on the impact of the global downturn on households and employment. The most discernable and immediate impact was a sharp reduction in household disposable incomes. This led to a decline in the aggregate level of domestic economic activity, a reduction in new employment opportunities and in a number of cases, lay-offs as businesses struggled. This put pressure on social safety nets in Tonga, as families, communities, Church groups, ex-students associations, etc, were expected to provide support.

The outlook for the next fiscal year is more positive. Economic activity is expected to pick up, led by increased construction activity. As the global recovery takes hold, tourism receipts and remittances are expected to rise again, albeit slowly. The banking system will continue to consolidate, and domestic credit is expected to remain at low levels, with ample liquidity in the financial system. Tonga's economic recovery will be slow and difficult, and the expected benefits from structural reforms will take time to eventuate. There is also limited scope for further fiscal stimulus. The government will need to limit wage increases, carefully prioritize current spending, and further improve tax administration.

## **Tuvalu**

Honourable Mr. Lotoala Metia, Minister for Finance and Economic Planning, in his overview of the policy actions taken by Tuvalu to respond to the crisis, underlined that the Tuvalu economy is supported by national income from fishing licenses, seafarers' remittances, .TV revenues, the Tuvalu Trust Fund (TTF) which is largely US\$ denominated and donor support. Following 3 years of strong growth, the economy was forecast to contract by 1 per cent in 2009 due to weak sector performances: construction, retail and wholesale trade, finance and real estate, transport and communication all contracted as domestic demand weakened.

The major transmission channel of the impacts of the global crisis has increased the uncertainty of Tuvalu's revenue streams. Approximately half of Government's revenues come from US\$ revenues, and the depreciation of the US\$ as the crisis unfolded adversely impacted revenue, in particular remittance receipts, and earnings from the TTF (which fell in value by more than 20%). Distributions from the TTF are only made when its market value exceeds the maintained value at 30 September each year. The gap between the maintained value and the market value in the past two years has been greater than at any time since the creation of the TTF in 1987 and, as a result, no distributions from the trust fund are anticipated until 2013. However, the fall in US\$ revenues has been offset somewhat by the increase in A\$ revenues as the A\$ has strengthened. Government expects revenue to perform much better than forecast in 2010 Budget as a result, although it is insufficient to narrow the projected deficit. Given the lack of any distributions from the TTF until 2013, deficits must be funded by Government's cash reserves which are expected to reduce to a net negative position by 2012.

Government recognizes the need to ensure that its economic policies incorporate appropriate risk management strategies, and adopt a fiscally conservative stance based on improving the quality and efficiency of its expenditure programs, particularly the health and education sector budgets.

## **Key issues**

Technical Agencies such as PFTAC, ADB and ILO provided brief reactions to the country presentations, and focused primarily on risks to near term economic prospects in the region, and the range of policy actions that countries could adopt in order to better mitigate the impacts of a slow global recovery.

The meeting heard that the strength of the global recovery is by no means assured and that there are a number of risks that could weaken prospects in Europe, the US and other major markets. If global growth slows, the region's economies will take longer to recover. Further rises in oil and food prices would also undermine recovery, and threaten macroeconomic stability. There is, therefore, little room for complacency, and Governments must take care to pursue an appropriate monetary stance, prudent fiscal policy (where there is little room for further stimulus), and push ahead with structural reforms to address underlying weaknesses in the economy.

### **1.1.2 Impact assessment of the global economic crisis at community level**

#### Federated States of Micronesia, Kiribati, Tokelau and Solomon Islands

Roundtable B was chaired by Honourable Mrs. O'love Jacobsen, Minister of Health, Government of Niue, with presentations from the Federated States of Micronesia, Kiribati, Tokelau and Solomon Islands. The country presentations focused on how governments were monitoring the impact of the global economic crisis on the poor and vulnerable and tracking vulnerabilities through the collection and analysis of data from existing and, where necessary, new data sources. These were followed by technical contributions from United Nations Children's Fund (UNICEF), United Nations Populations Fund (UNFPA) and United Nations Fund for Women (UNIFEM) Pacific.



*Delegates from the Solomon Islands preparing their Country Statement*

The global economic crisis has affected Pacific island countries to various degrees and highlighted the vulnerability of specific PICs, with FSM, Kiribati and Solomon Islands among those worst affected. In those countries, the effect of the GEC was exacerbated by the existing high national poverty level, dependency on imports, vulnerability due to geographical isolation, vulnerability to natural disasters and climate change, coupled with the effect of the food and fuel price increase since 2007. **Kiribati** was affected by the GEC particularly through decreased remittances from seafarers who lost jobs. The decline in value of the Reserve Fund, the Provident Fund and high inflation rate added to food price increase and high utilities and transportation costs. As a territory of New Zealand, **Tokelau** is relatively buffered from the effects of the crisis due to the assistance received through

Economic Support Arrangement. However, there is evidence of contraction in grant disbursement resulting in Infrastructure Development Project funding being put on hold. **Solomon Islands** experienced decrease of logging export and felt the impact as household incomes decreased due to high unemployment, and through reduction of education and health budget allocations. As household incomes decreased due to unemployment and lower remittances, revenue from taxes, sovereign and reserve funds decreased and further restricted fiscal space, resulting in various social challenges. Hunger and malnutrition, neglect, abuse, lower school attendance and performance and work productivity are among the impacts of GEC on communities and individual people.

Countries responded with a range of measures. FSM put in place responses to improve resource mobilization and fast track investment in social protection in the short term. Government maintained investment in infrastructure development assistance to ensure employment opportunities in the medium term and sustain agricultural strengthening, local produce development and private sector development to ensure food security and prioritize social spending on health and education in the long term. FSM also increased social marketing for more healthy choices and increased capacity building in trade skills. Kiribati retained high level of social expenditures in health and education services including secondary junior level schooling being provided free of charge. Welfare programmes were made available for senior citizens, children without parents and people living with disabilities. In Tokelau, the 'Inati' system of sharing food and commodities with community members help to deal with the effects of GEC .

A range of coping strategies such as reducing the number of primary health care visits by mothers, pulling children out of school and engaging them in child labour (selling foods on street) were also adopted. Unfortunately, these are among the measures which leave long-lasting deficits on children and the future of the country. While evidence from countries demonstrated that the impact of the GEC was felt most by children, youth and women in the region, the meeting noted that their voices are under-reported and under-represented in decision-making on how to respond to the crisis. A key step in country responses is to understand who is impacted, how and to what extent, and this underlines the need to (a) collect and analyze data from existing and /or new sources to guide policy actions, (b) provide key stakeholders and decision-makers with essential data and analysis; (c) develop a data management and reporting system; (d) set up institutional and coordination mechanisms to enable governments to monitor vulnerabilities; and (e) protect and invest in social sectors including measures such as in-kind and cash transfer programmes.

## Day Two

### 2.1 Actions taken by Pacific Island Countries to respond to the GEC

Understanding the transmission channels of the global crisis at country level and how impacts are being monitored are a pre-requisite to guide appropriate country responses to the challenges being faced by the region. Countries with different typologies (resource-rich, with high level of aid, with high volume of remittances, etc) from the Melanesian, Polynesian and Micronesian sub-regions presented analyses of the impact of the GEC on their economic and social sectors, discussed the challenges faced and offered some insights into lessons learnt. Some key issues were brought to light.

#### Vulnerabilities and impact assessment & ongoing country responses

Despite the global economic crisis, **Vanuatu's** economy has continued to grow, albeit at a slower rate. Overall, growth has fallen from 6.8 per cent in 2006 to below 4 per cent in 2009 but is expected to increase. The tourism, telecommunications, airline industries, and to some extent, construction, have continued to grow, due to various policy initiatives and other contributing external factors. Remittances have also made significant contributions to the economy. Tourism has remained strong partly due to the substitution effect – Australians (main source market) opting for nearer locations such as Vanuatu, which also took over other markets in the region such as Fiji. There have been significant impacts stemming from the decline in the copra and beef industries as around 70 per cent of people in the rural areas rely on these industries. The GEC has increased the need and demand on social services.



*Delegates working on their responses*

Vanuatu responded to the global slowdown by relaxing its foreign policy and providing fiscal stimulus. In 2008, the Reserve Bank reduced its rediscount rate, liquid assets ratio and statutory reserve requirement ratio. Fiscal expansionary policy has only been possible because of careful fiscal management with surpluses from 2004 building up strong cash balances and space for sovereign borrowing. As the effects of the crisis were felt in Vanuatu, reform was viewed as necessary. A fiscal stimulus package, 'Budget for Growth', was introduced in mid-2009 to focus on the productive sectors..

The Universal Primary Education (UPE) initiative, which commences in February 2010, will provide free education for vulnerable population groups from 2010-2015. Infrastructure projects supported by donors are targeted at vulnerable communities and are intended to enhance the transport and communications network on Efate, leading to market expansion and the creation of employment opportunities. In addition, a multilateral loan will create integrated sanitation and overhaul drainage facilities in Port Vila with significant benefits for public health.

In **Samoa**, the global crisis reversed the trend of consistent economic growth at around 4 percent per annum which had been experienced over the last decade. In 2008 and

2009, the economy faced a sharp decline stemming from a decline in demand in the car manufacturing industry, which adversely impacted the Yazaki plant, located in Samoa. Inflation reached 18.5 per cent in December 2008, exports fell by 2.5 per cent while imports

slowed down in August and September. Tourism receipts and remittances also slowed down – all of which contributed to a huge fiscal deficit of 11 per cent of GDP. The social impact was evident in the increase in unemployment as workers from Yazaki were laid off. Anecdotal evidence suggests that families are finding it harder to keep children in school.

Similar to Vanuatu, Samoa eased its monetary policy in March 2009. The official interest rate reduced by 125 basis points. Fiscal policy was largely directed at infrastructure development, a sector that could react quickly. As the Government had no intention to raise taxes, the only option was to look at concessionary loans to finance the deficit, thus avoiding undue stress on the population. Targeted fee-free education for disadvantaged families was launched for primary education. Health services through the national hospital continue to be subsidized. The National Provident Fund relaxed its conditions in 2009 to make it easier for subscribers to apply. The pension scheme which has been ongoing for a number of years is seen as a measure to provide free medical services and transportation to the people.

The **Marshall Islands** was experiencing growth in the economy at about 5 per cent from 2000–2005. Since then, there has been a deceleration to 2 per cent and entry to structural deficit positions. Economically, the Marshall Islands was not prepared for the unprecedented event and was the only Pacific country which declared a state of national emergency at the time of the crisis. Though prices had started to increase from 2000 - the inflation average is 3 per cent. There was a sharp spike in the Commodity Price Index in 2008, most notably with imported food, fuel and other essential commodities. The Marshall Islands has a number of trust funds, and experienced massive losses from the Compact trust fund around US20 million dollars in the space of a year.



**Mr. Graham, Special Advisor, Marshall Islands, presents on the impacts of the crisis for their country**

The lack of preparedness and the weaknesses that were exposed in the social protection system translated directly to vulnerability, particularly for women and children. The annual outward migration rate showed a sharp spike in 2008, as many left the Marshall Islands, mainly for the US. With the increase in electricity tariffs, low or no-income households were directly affected resulting in disconnection of electricity supply to their homes.

The Marshall Islands formulated a set of medium and long term policy responses, setting up taskforces for other broader economic reforms and comprehensive adjustment programs. A new energy policy and action plan to reduce reliance on fossil fuels has been introduced and included reforms for electric utility through an energy efficiency conservation campaign. Amongst other actions, solar panels were distributed to communities and monthly fees were reduced. Implementation of these reforms is taking longer than expected and though they have had an immediate impact, the sustainability of these measures needs to be ensured. Copra production is now subsidized though further fiscal adjustment is limited and remains an issue. The Government initiated a Food Program for Youth, lifted import taxes on food staples, implemented school feeding programs and distributed water catchment facilities to support families' food security, though this remains as much an issue now as it was before the crisis.

## Key issues

The need to focus on building a resilient system with strong macro-economic stability and strong political leadership as the way forward was emphasized in the discussions. There is no one-size-fits-all and countries have to contextualize their responses and continue to reform. Rural electrification was highlighted as an investment option to encourage productivity in Samoa. It was recognized that the crisis provides an opportunity to improve governance and governments' focus and priorities. However, the challenge is in implementation and countries must not lose sight of long-term objectives.

Samoa cautioned nations to 'live within their means'. Unlike developed nations, many Pacific island governments are not able to offer stimulus packages to cushion citizens from the impacts of the GEC. Rather, the crisis presents opportunities to carefully target social protection policies to assist those most in need. Samoa also urged international development agencies to support Pacific Island countries whom have been endeavoring to progress, yet feel the brunt of the crisis caused by developed nations.

In conclusion, the Chair urged countries to further understand the effectiveness of their responses to date to the crisis. While it may be too soon to measure, it is important that surveillance systems are in place to monitor effectiveness at the community level and identify new vulnerabilities as they arise. Such mechanisms help countries to look beyond positive economic growth to also understand underlying social issues. The point was also emphasized that structural reforms should be implemented regardless of economic environment for it is



*Delegates at the Conference*

prudent macro-economic management in good times that allows nations to take the right actions in crisis times. The need to grow and diversify the economy with the reform agenda and identify the greatest sources of risk - fiscal, economic and social - and develop protection strategies to hedge these was also underlined.

A second round of country presentations was made. The meeting noted that **Fiji's** economy has been declining since 2007. The economy grew by 0.6 per cent in 2005 and 1.9 per cent in 2006 but declined thereafter for 3 consecutive years. Real GDP contracted by 0.5 per cent, 0.1 per cent and 2.5 per cent from 2007-2009. Prospects for the economy in 2010 are more positive, and growth of 1.9 per cent is expected. However, the impact of tropical cyclone Mick in mid-December 2009, and the speed of subsequent rehabilitation efforts, may drag growth. Public debt, as a percentage of GDP, has remained high and rising from 47.7 per cent in 2005 to 51.9 per cent in 2009 due to loan financed infrastructure projects and will likely decline to 49.3 per cent in 2010 as a result of Government's fiscal consolidation measures. Investment levels have been declining since the 1980s. Underlying structural weaknesses relating to land tenure and business regulation, political uncertainty, as well as exogenous factors such as tightened credit conditions in the global financial market as the global economic crisis unfolded has led to falling levels of foreign investment which dropped to 8.7 per cent in 2009 and the outlook for 2010 is a further decline to 7.9 per cent of GDP.

Imports, as a percentage of GDP, have hovered around 48 per cent to 63.3 per cent over the past 5 years, largely driven by domestic consumption in 2005-2006 and by high food and fuel prices from 2007-2008. Inflation was relatively stable prior to 2005-2006 but rose to 6.8 per cent by the end of 2009 as a result of fuel and food price increases, the devaluation and subsequent rise in prices of imports. With the exception of 2008 where a modest surplus of 0.5 per cent of GDP was recorded, Government has consistently run budget deficits. During the period 2005 to 2008, a strategy of fiscal consolidation was pursued in order to reduce Fiji's levels of indebtedness. However, the impact of the GEC and weakening domestic demand necessitated Government intervention through fiscal stimulus to raise aggregate demand and create employment opportunities. Accordingly, Government increased capital spending from 14.9 per cent of the total Government spending to 20.6 per cent.

Fiji's weak export performance and rising cost of imports put further pressure on the country's balance of payments, and on foreign reserves, as global demand weakened. This has led to the rising cost of living and rising cost of doing business in Fiji. Employment conditions have weakened and lay-offs have occurred as employers look at rationalizing operations. The overall result is increased hardship on the people, particularly the urban poor and the vulnerable. In order to mitigate the impacts of the crisis, Government and the Reserve Bank of Fiji (RBF) instituted a number of fiscal and monetary policy measures aimed at stabilizing the economy in the short-term, and lifting overall levels of growth in the medium term. To stimulate economic activity, and as part of its fiscal stimulus package, government also increased support to key sectors to assist recovery, namely in the tourism industry and the construction sector. The mechanism of the programme is expected to inject FJD\$100 million into the economy.

Specific measures were put in place to help the poor and vulnerable cope with reduced incomes and employment opportunities:

- Increasing the income tax threshold from FJD\$9,000 to FJD\$15,000 in 2008;
- Reducing duty on basic food items and fuel;
- FJD\$30 food vouchers a month for eligible welfare recipients;
- A bus fare subsidy for children from families earning less than FJD\$15,000 a year.
- Land reforms to support economic and social development.

Continuation of structural reform efforts is an integral part of the Government's strategy to strengthen the economy's resilience and to raise growth levels in the medium term. Some insights were shared on policy actions adopted to respond to the crisis:

- Support to strategic groups or sectors must be targeted and address specific needs;
- With limited fiscal space, Government needs to improve efficiency of expenditure, avoid wastages and expand its revenue earning capacity without over-taxing the economy;
- There is need to improve the domestic financing environment with greater savings mobilization.

In Fiji, the crisis exposed the need for improved coordination, consistency and coherence of monetary, fiscal and debt management policies, thus highlighting the role of Central Banks in applying monetary policy tools. A critical issue was the need for SIDS not to rely on traditional trading partners to continue their pre-crisis role of engines for driving export-led growth but to deepen regional and sub regional cooperation to increase trade in the Asia/Pacific region and boost demand.

In **Palau**, the slowdown in neighboring economies led to a substantial decline in tourism activity. Total visitor arrivals for 2009 were for the most part below the level for same period in the preceding year, with tourist numbers from Taipei, Republic of China, one of Palau's lucrative routes down. Domestic demand has been weak as reflected in the generally flat to declining imports of US food and other imports in 2009. The weaker turnout in the tourism industry, lower infrastructure spending (from recent highs), and delays in planned private investment in tourism facilities are expected to result in economic contraction in 2010 but the outlook for 2010 will improve if tourism picks up.



***Palau delegation preparing their Country Statement***

Investor confidence is likely to remain undermined by uncertainty about Palau's new financial arrangements with the US and further complicated by the impact of the global crisis. The current government has urged Congress to pass legislation to revamp existing foreign investment laws in an effort to ease restrictions that present obstacles to the flow of foreign investments into the country and to strengthen the public sector. The extension to September 2010 of financial assistance from the US through the Compact of Free Association may provide temporary budget relief. The Government recognizes that concerted action is required to alleviate the immediate shortcomings in available cash, and to narrow rising deficits. Specific actions that could be taken include reducing low-priority public spending to stabilize the fiscal position and lessening draw-downs on trust fund assets.

The Government has made substantial gains in this area by working with Congress to approve a 10 per cent cut in its FY2010 national budget from FY2009 levels. Projections for the formulation of an annual funds availability analysis are now reflective of more realistic revenue streams and estimates and can be more reliable tools in the budget process. Freezes on non-essential travel, hiring and others to reserve dwindling funds for the provision of the most essential services to the public have been instituted. Such public sector reform efforts will continue through this difficult period as a recent tax amnesty program has offered businesses an opportunity to resolve the burden of surmounting penalties and interest from taxes owed. With these, concerted efforts to strengthen the collection of tax and other fees continue. Other administrative measures include:

- The reinstatement of a mandatory 30-year service retirement provision;
- Utility rates for water usage will be adjusted to correlate with the actual cost of operating a public water system;
- Installation of pre-paid electric devices in government buildings to lessen the amount of aging accounts and enable the country's sole electricity provider to utilize available resources for much needed repairs and other improvements; and
- Other fiscal initiatives in the area of external debt management.

The meeting heard that the greater presence of development partners in the region and their growing outreach efforts offer opportunities and much needed development programs that have the possibility to assist small island countries sustain some degree of stability through the difficult economic crisis. Palau welcomed this development and urged development partners to increase resources available to support the small Pacific countries, particularly in terms of budgetary support that can enable practical application and implementation of critical programs and projects.

## Day Three

### 3.1 Forward-looking policy responses

A critical focus of the meeting was to consider whether the global economic crisis presents opportunities to rethink the broader growth and development strategies in the Pacific and how Pacific Island Countries can build resilience to shocks, including through knowledge-based economies. A case study from Tonga, independent views from a former Governor of the Central Bank in Solomon Islands, a comparative case study of how small islands developing states are experiencing and tackling the global crisis and view points from the Asian Development Bank offered a rich and diverse range of policy options which PICs governments can consider.

#### 3.1.1 Inclusive economic growth and social protection

The meeting established very clearly that the crisis started in the Pacific with the food and fuel prices' volatility in the past two years and has escalated with the current global economic and financial crises. Strong commonalities emerged between the way that Pacific governments and their communities were impacted by the crisis in that the more integrated economies and cash-based households were both more severely impacted by the transmission channels than those less integrated in the global system and thus more vulnerable.

**Tonga's** economy appears to have suffered from interrelated crises over the past five years, with economic growth averaging around one quarter of one per cent due to a sharp contraction in primary sector exports. Reforms implemented over the past decade in economic and public sectors appear to have buffered the economy from the brunt of the crisis, despite the current low growth level. Policy initiatives have aimed at building a strong foundation for economic growth, underpinned by political stability and the need for a more equitable distribution of benefits, particularly in access to basic social services and incentives for subsistence workers to enter the market economy. The lack of baseline indicators has made it challenging for Tonga to measure the benefits of inclusive economic growth among the people, but recognition has come through the HDI ranking and progress made towards achieving the Millennium Development Goals.



**Tonga Delegation**

Tonga's high dependency on remittances (30% of national income) makes it highly vulnerable to the global economic crisis. As a response, Tonga has initiated a fiscal stimulus package meant to direct investment towards priority areas such as infrastructure, complemented by initiatives to direct assistance to vulnerable community members and protection of expenditures on key services. Three recommendations were made regarding support from development partners, including:

- (a) strengthening links with regional economic institutions to provide warning of future crises and advice on appropriate responses
- (b) technical assistance at regional and country level so that Governments as duty bearers can ensure appropriate and tailored responses are designed and implemented
- (c) budget support in the form of grants

The former Governor of the Central Bank in Solomon Islands shared some personal thoughts which highlighted a different but fundamental issue: the importance of people's own efforts to improve their situation rather than a reliance on hand-outs. It was noted that countries which have liberalized and opened up their economies are more vulnerable to crises just like households which are more involved in the cash economy will feel the impact of the downturn more severely. Globalization should therefore take place in a way which minimizes risks. In the Pacific, many households are grappling with relative poverty, irrespective of the crisis. While there is ready access to external assistance, Pacific people are eager to find jobs, including starting micro-enterprises, underscoring the need for access to credit and financial inclusion. To facilitate this, banks and IFIs need to work together to transform commercial banks' perceptions of risk. The model of collective borrowing with group members guaranteeing each other is a mechanism which can potentially work in the Pacific.

The work undertaken by **ADB** in the Pacific highlighted that inclusive economic growth is an essential requirement to address rising inequalities and reach basic social outcomes. Strengthening economic growth in rural areas is critical, complemented by social policies. It was noted that the Asia/Pacific region is not doing well on achieving the MDGs and that the Pacific region shows slow progress or regression on 76 per cent of the MDG indicators, with much to be done in little time. The global crisis has increased significant hardship as a result of the slowdown of growth, with significant impact on health and hunger. ADB's social protection assessments reveal that there are many programs available but with much fragmentation. Examples of social protection such as cash transfers, employment generation programs, microfinance, etc which can be adapted to the Pacific are not overly expensive. The challenge for PICs is to address inefficient delivery and ineffective targeting of social protection.

A comparative analysis of the impact of the global crisis on SIDS by **UNDP** highlighted that SIDS have invested heavily in a human development strategy, specifically in two public goods: health and education. This has delivered results. However, poverty continues to be significant and the poverty elasticity of growth does not appear to be high. To simply equate SIDS with other middle income countries using per capita GDP and investments in health and education as metrics is misleading. With this background the impact of the crisis as seen through the prism of social vulnerability is all the more pronounced.

Pacific governments have done everything they can do to address the impact of the global economic crisis on their own. Two proposals were made for the international community to take action at global or regional levels: (i) create a long term "Stability and Social Investment Facility" (SSF) at the regional or global level to help high-debt SIDS cope with structural weaknesses. The creation of such an institution for the SIDS, possibly with support from regional development banks, would also serve to overcome the chronic structural weaknesses that have been identified; (ii) consider a debt relief initiative for SIDS to enable them to address social vulnerabilities, given that the design for such a facility already exists within the HIPC initiative.

The discussions underscored the need for countries to strengthen linkages with regional institutions and for technical assistance to be provided at regional and country level on measurement and reporting of data and progress towards economic growth. MDG analysis and reporting can also help improve the availability and reliability of data which decision-

makers can use as a basis for policies so that government decisions, plans, strategies and programmes are informed by a clear analysis of the poverty and hardship situation. It was noted that Pacific governments are implementing a range of initiatives but with little change recorded. In this respect, access to health care and early diagnosis of non-communicable diseases is important for governments to address as they take up a lot of resources which could otherwise be directed elsewhere. Donors are willing to provide aid to PICs because of improved performance in many countries. The provision of aid is based on a relationship of mutuality rather than a hand-out and the provision of mutuality of trade, including the need to improve fair trade, needs further support to drive growth.

### **3.1.2 Green growth and climate change**

The meeting also reflected on the relevance of Climate Change, Green Growth and Green Jobs in responding to the current and future crises. The adoption of environmentally sustainable, climate resilient policies that can create jobs and maintain social cohesion is essential. These policies must be centred on enhancing resilience against climate related and other natural disasters whilst at the same time developing an enabling environment to engage in job rich, low carbon, environmentally friendly development that can contribute to economic recovery. This process should be supported by application in the Pacific of the Global Jobs Pact, which calls for urgent collaboration in shifting to a low-carbon, environmentally friendly economy that helps accelerate the job recovery, reduce social gaps, support development goals and realize Decent Work in the process. Public investments should be structured to maximize employment and create Green Jobs, while developing the adaptive capacity of society. Adaptation measures should not only address short term development challenges but build long-term resilience.

National actions for Green Growth include ambitious targets, some of which may be difficult to achieve. Solutions at the community and grassroots level are also needed such as the development of small community based enterprises in eco-tourism, waste management or sustainable agriculture. A shift in the development paradigm is needed, where the cost effectiveness of national and community initiatives should consider both economic and environmental costs. This requires quality data on the environmental impacts of development. Although renewable energy and Green Growth technologies are expensive, it is necessary to have a holistic and long term view, given that should the oil price double, the cost effectiveness of these technologies will increase significantly.

The Government of Samoa has implemented several Green Growth measures including: increasing use of renewable energy; improving sanitation through a solid waste treatment plant; establishing conservation reserves in rural areas; coastline management to prevent erosion; water management and tourism regulation to ensure both environmental and cultural sustainability.

Funding for Green Growth, Green Jobs and Climate Change initiatives is available but there are certain challenges to overcome in accessing this. Several countries have, for instance, been unsuccessful in their attempts to access GEF funds. SPREP provides technical assistance in assessing funds available and developing funding proposals. The call for rapid and equitable access to funds available from the Copenhagen Accord has similarly been echoed by SPREP.

A number of recommended actions at national were suggested including:

- Mainstream climate change into national development plans along with environment sector plans to provide clear directions on key issues.

- Strengthen environment ministries and better coordination with Finance and other ministries.
- Raise awareness on climate change and other environmental issues in cooperation with NGOs, CSOs and the private sector, including through climate change mitigation activities at a community level.
- Develop local solutions to local problems through small community based enterprises that can generate Green Jobs for the community.
- Obtain better data on the cost of climate change mitigation activities, the relative cost of not taking action and develop innovative financial mechanisms to value ecosystems services in the eco-tourism sector.
- Increase human capacity to carry out environmental programmes including through the development of Green Jobs.
- Set national targets for the shift to renewable sources of energy and undertake market reform in energy intensive sectors.
- Develop a legislative and regulatory framework for environmental protection and shift to renewable energy and Green Growth.
- Design 'cash for works,' safety net and economic reconstruction programmes, which can be mobilized on short notice in disaster prone areas.
- Assess requirements to strengthen the private sector and create businesses in sustainable tourism and eco-tourism, sustainable agriculture and eco-farming, clean energy, waste management and conservation.

At regional level, the following recommendations were made:

- Existing international and regional coordination mechanisms for implementing Green Growth, Green Jobs and climate change adaptation measures should be utilized, including:
  - ILO/UNEP Green Jobs Initiative;
  - UNESCAP Ministerial Declaration on Environment and Development;
  - Pacific Climate Change Roundtable;
  - Pacific Islands Framework for Action on Climate Change;
  - Pacific Plan;
  - Pacific Green Growth Initiative;
  - Pacific Disaster Risk Reduction and Disaster Management Regional Framework for Action; and
  - Global Jobs Pact.
- Regional mechanisms for information sharing and awareness raising on Green Growth, Green Jobs, climate change mitigation and adaptation and research on renewable energy should be enhanced.
- Regional initiatives such as roadmaps to reduce dependence on fossil fuels and invest in renewable energy should be utilized to generate momentum for developing national targets.
- Coordination at a regional level should be undertaken to access development partner funds available to undertake climate change mitigation and adaptation activities. The *Niue Declaration on Climate Change 2008*, which encouraged development partners to increase technical and financial support to Pacific island countries to implement climate change mitigation activities, should be relied on.

### 3.1.3 Sectoral challenges and policy responses

Four parallel working sessions were convened on sectoral challenges and possible responses in the areas of Labour, Education, Health and Food Security, and Governance and Legislative Agenda respectively.

#### *Working session on Labour*

The session on Labour was designed to consider policy responses to address the impact of the global economic crisis and associated jobs crisis on opportunities for Decent Work in Pacific labour markets. Various presentations were made by development partners to shed light on how the GEC is affecting employment in the Pacific, including unpaid care work and women's work in the informal economy. ILO pointed out that the frequency with which jobs and employment have been discussed during earlier conference sessions clearly demonstrate that labour market issues must be central to policy responses to the global economic crisis. The number of both the jobless and those in vulnerable employment increased significantly during 2009 and these represent the human face of the global economic crisis. In particular the number of unemployed youth increased by 10.2 million between 2007 and 2009. In the Pacific the demographic 'youth bulge' is now moving into older age cohorts, meaning that there is now a large group of young adults with little or no work experience. The specific labour market situation with respect to Pacific island countries is, however, unclear. The lack of capacity for Labour Market Information and Analysis (**LMIA**) is a critical issue for policy makers and development programme officers in the Pacific.

What is clear is that there can be no recovery from the current crisis without a jobs recovery. Application of the Global Jobs Pact in the Pacific presents several crisis responses, policy options for a jobs lead recovery. The Global Jobs Pact is built on robust principles for promoting economic recovery and development, including support to vulnerable women and men including youth at risk, low-waged, low-skilled, informal economy and migrant workers. The Global Jobs Pact provides an integrated policy portfolio in four key areas:

- accelerating employment creation, jobs recovery and sustaining enterprises; building social protection systems and protecting people;
- strengthening respect for International Labour Standards; and
- social dialogue: bargaining collectively, identifying priorities and stimulating action.

On 9<sup>th</sup> February 2010 in Port Vila, Vanuatu, Labour Ministers and representatives of employers' and workers' organizations from across the Pacific met and recognized the critical need to promote Decent Work and apply the Global Jobs Pact. They agreed and endorsed the Pacific Action Plan for Decent Work, which is to be implemented by workers, employers and governments in the Pacific, with the support of the ILO. Its implementation will contribute to the realization of outcomes under PIC Decent Work Country Programmes and under the United Nations Development Assistance Framework for the Pacific.

The Asian Development Bank outlined the importance of subsistence economy in the Pacific, as it acts as a safety net for many households. Vulnerable groups, including low paid workers, are most likely to rely heavily on subsistence activities for their livelihoods. The subsistence economy was initially shielded from the impact of the GEC as it does not engage with markets. However, increasingly households are forced to engage with the informal economy in order to supplement subsistence (for example, for school fees) and consequently become vulnerable to economic crisis shocks.

In the Pacific most workers are engaged in the informal economy but as a country's GDP per capita increases, more formal employment is typically created. Economically better off households are more dependent on formal employment and often have better coping mechanisms, such as savings. However, this group is also more vulnerable to the economic crisis, often through unemployment. Declining remittances as a result of the GEC are affecting households in remittance-dependent countries such as Samoa and Tonga. There is some evidence that falling remittances have resulted in the withdrawal of children from school. Specific vulnerable groups should be targeted by policy makers for support in recovery from the GEC. These include the low paid formal sector workers engaged in construction, manufacturing and trade as well as recipients of overseas remittances.

Research by UNDP on the global economic crisis and unpaid care work in the Pacific underlined that the economic environment for women in the Pacific was extremely challenging even before the stresses presented by the GEC. Pacific women were already coping with huge rises in the cost of fuel and imported grains, decreased family incomes due to rising unemployment and a declining tourist trade.

As a result of these crises, the amount of unpaid care work that women have been required to perform has also increased. Unpaid care work is the expenditure of time and energy while not receiving a wage, which falls outside the production boundary in the System of National Accounts and is not counted in GDP calculations. Further, the activity must involve serving people and ensuring their well-being, including the provision of personal care and care-related activities, such as cooking, cleaning and washing clothes. Unpaid care work is also referred to as 'reproductive' or 'domestic' work, in order to distinguish it from market-based work.

Unpaid care work intensifies the impact of recessions, as the actors, mainly women, have no time to engage in more economically productive tasks. Recognition of the centrality of unpaid care work to human welfare, by placing an economic value on it, helps to address this burden on women. Specifically, to address unpaid care work policy makers should:

Recognise unpaid care work by making it visible to and valued by national policy makers. Reduce unpaid care work by investing in infrastructure and labour saving technology to reduce the time taken to carry out unpaid care work i.e. wells, roads, machines etc.

Redistribute unpaid care work by adopting policies that support equitable burden sharing between men and women in households and between different care providers, such as governments and other service providers.

The GEC has had contradictory effects on countries, communities and already marginalized men, women and children in the Pacific. The impacts have been uneven because they have combined with multiple existing development challenges that persist, including an over reliance on primary resource extraction, tourism and remittances. The GEC presents policy makers with an opportunity to think differently about labour issues in the region.

Pacific islanders are engaged in a variety of activities every day through a number of diverse economies including the gift economy, the care economy and the informal economy. The informal economy continues to expand its role, as the major source of daily sustenance for many households, the main source of school fees, household improvements and funds for sustaining social and cultural events. Pacific women dominate the informal economy and sustain family incomes with coping mechanisms in times of crisis. They contribute substantially to local government revenues yet their labour is often not valued, visible or protected and women's informal incomes are not counted in national accounts or addressed in national development strategies. Women's labour needs to be recognised for its own value

and also because it highlights different ways in which labour is performed and different ways in which value is transacted. Women can be empowered at economic marketplaces by policy makers recognising their significant contribution as innovative economic citizens. Investing in marketplaces in the Pacific is a win-win strategy and awareness raising programmes can address many of the detrimental aspects of the informal economy, such as the selling of sex, drugs and alcohol in marketplaces.

A range of recommendations at national and regional levels (the last four) were suggested to cope with rising unemployment and vulnerability, particularly among women and youth, and promote economic recovery and recognition, reduction and redistribution of unpaid care work, as follows:

- Improve labour market governance by modernising labour laws and institutions
- Empower stakeholders in the real economy through capacity building of unions, employer organisations and labour administrations and facilitating collective bargaining.
- Protect workers through improved occupational health and safety and an expanded scope of social protection including in the informal economy
- Provide better protection for migrant workers through pre-departure training and better tracking of migration flows.
- Tackle youth unemployment by addressing the mismatch of skills between education providers and industry and providing effective employment services and careers guidance.
- Expand public works programmes to employ youth and other vulnerable workers in productive activities.
- Prioritize support for vulnerable workers in formal sector construction, trade, and manufacturing.
- Institute enabling policies, programmes, training and orientation for women to enter male-dominated sectors on which economic recovery efforts tend to focus.
- Provide youth and women with skills in business and entrepreneurship.
- Conduct research on the situation of care givers in the Pacific and carry out capacity building to better understand the linkages between the macroeconomic level and the micro levels of gender equality.
- Encourage Chiefs to be champions for the reduction and redistribution of unpaid care work.
- Consider regulation of the gift economy where there is evidence that it places too great a burden on vulnerable groups.
- Abolish or reduce school fees to reduce the social reproduction of labour costs.
- Implement the Pacific Action Plan for Decent Work to promote a jobs-led and people centred recovery from the GEC.
- Apply the Global Jobs Pact in policies to accelerate job creation, build social protection, strengthen respect for International Labour Standards and enhance social dialogue in consultations between government, workers and employers.
- Establish a Pacific regional programme of labour market information and analysis.
- Develop regionally consistent and recognized competency standards.

*Working session on Education*

Presentations by Vanuatu, the University of the South Pacific, the Council of Pacific Educators, UNICEF and UNESCO stressed that the Pacific region has been exposed to numerous crises in the past and the Global Economic Crisis is compounding the risk to education and jeopardizing progress made to date to achieve better access and quality. Although access to primary education across the region has improved, access in rural and isolated areas and at secondary level, repetition of schooling and transition from primary to secondary schooling remain a challenge. The provision or abolishment of school uniform is not considered a priority issue and yet families face increasing difficulties to provide this and communities are also expected to provide much of the water and sanitation facilities at schools. The poor state of physical facilities and outdated curriculum are additional concerns.

Getting every child in school and providing quality education requires that everyone plays their role. Often children do not attend school due to work required by family, and lack of available lunches at school. Young people need an education that equips them with life skills and prepares them for employment in the formal sector. It is recognized that development partners in education have assisted Pacific governments in establishing standards for teachers, strengthening monitoring and evaluation systems (eg. EMIS) including monitoring learning outcomes, and in strategy planning, implementation and development of social protection mechanisms. But EMIS currently does not provide information on who are not enrolled in school. Consequently, the education policy and strategies do not prioritize those who are most vulnerable to non-attendance of school, such as marginalized boys and girls including those in rural areas and those who are disabled. This will further pull back the gains made to date.

The sustainability of education financing requires immediate consideration alongside further improvement of methodology to measure quality of education. Non-Governmental Organizations, faith-based organizations and donors play important roles in ensuring adequate financing for education. However, capacity constraints in absorbing donor funds in small island countries must also be taken into account. The global crisis is thus an opportunity to turn the situation around so that it benefits the most vulnerable in the region. Teachers' organizations should also develop capacity to understand and react to the impact of GEC in education by prioritizing within the budget constraints they face.

Tonga School Grant Programme (TSGP) has contributed tremendously to improve the quality of education by ensuring that there is enough school supplies for both students and teachers. Teachers also have opportunities to improve their teaching skills through in-service professional development. In East-Timor, teaching in mother tongues is a challenge. With two working and official languages and 16 national languages, 90 per cent of teachers do not have the capacity to teach. However, learning outcomes improve when children are taught in their mother tongue. In PNG, education in the early years is done in the mother tongue so that children grasp concepts which enable them to translate these into implementation in the long run.

Gaps in the education system exist in the areas of Early Childhood Education, non-formal education and education for the disabled and are compounded by the multi-language culture of the Pacific. Most Pacific Island Countries devote almost 90 per cent of the government education recurrent budget on salaries. This poses restrictions on resources available for other areas of priority including training for teachers to improve competency, effectiveness and quality of education. The education of children at secondary level continues to face challenges as tuition fees are not abolished in most PICs (except Niue, Palau, etc). Existing social protection measures such as scholarships do not ensure equal access to education. Thus, there is a growing need to look beyond scholarships, based on a clear understanding that education must be provided to all children. Further efforts are required

to ensure those gaps are addressed as part of the integrated strategy for developing better national education systems.

Several recommendations were made to address the key issues outlined above. At national levels,

- In light of limited fiscal space to further invest in education, Pacific governments reaffirm that investment in public education is the best way to confront changes imposed by the global crisis.
- Teachers' participation in decisions made for education development is critical to ensure the quality of education as well as teacher education to improve teachers' competency.
- There should be equity in access to quality education, with particular attention paid to children and youth living in rural and isolated areas and those with disability.
- A social protection approach to mitigate the impact of the GEC on education is important and viable options include school feeding programmes, conditional cash transfers, free or subsidized uniforms, scholarships, grants to school, improvement on water and sanitation facilities at school, incentives to teachers, and specific child protection measures targeting abuse.
- Further investigation on the applicability and cost effectiveness of school feeding programmes in the Pacific must be considered, given current budget constraints. Governments also need to strengthen understanding of the benefits and relevance of Conditional Cash Transfers.
- This crisis presents an opportunity to improve the effectiveness of education services and Governments request sustained development assistance in capacity building and technical assistance, particularly to strengthen monitoring systems (e.g. instrument for quality assessment, monitoring of drop-out).
- Specific improvements are needed to make EMIS more sensitive to track the effects of the GEC on the most vulnerable children, particularly attendance, drop-out, changes in truancy (e.g. sentinel site monitoring) and monitoring learning outcomes using diagnostic testing.
- In addition to improving curriculum materials, use of new technologies such as One Lap top Per Child (OLPC) needs to be further considered together with the related lessons learnt in order to produce better learning outcomes.

At regional levels, there is a rising concern that the GEC will impact on the education budget allocation. Efforts to improve the quality of education and build capacity to meet the needs of communities in the form of school grant programmes need to be further considered by building on lessons learnt in the region. Innovative and tested social protection measures such as scholarships that target certain vulnerabilities, including gender targeting scholarship in addition to merit-based, can be further considered.

### *Working session on Health and Food Security*

The session objective was to discuss the impact of the global economic crisis (GEC) on health, the human immunodeficiency virus (HIV) and acquired immune deficiency syndrome (AIDS), food security and human rights in general and in the Pacific region. It was noted that even before the current crisis, many Pacific countries were adversely affected by increases in food and fuel prices (though a few benefited from increases in commodity and

oil prices). The effects of the GEC are compounded by the effects of climate change, the region's vulnerability to natural disasters, instability, ethnic tensions and political crises, where these exist, threatening gains in development and poverty reduction. The ADB estimates that in 2010, an additional 50,000 people will be living below the poverty line in the Pacific Islands due to the GEC, amounting to 2.4 per cent of the Pacific population, and notes that the livelihoods of many of the non-poor will also have gone down. The rise in poverty will have the greatest repercussions on health, HIV, food security and human rights in the Pacific.

Reductions in national income and overseas development assistance are likely to lead to reduced government spending on health. Should this happen, operating costs, or capital spending on infrastructure and equipment can be reduced or delayed, with immediate and damaging effects on service delivery. In 2009, health budgets were cut in some Pacific countries: the Cook Islands (-2% operational costs), Kiribati (-13.5% operational costs) and the Solomon Islands (-35% operational and investment costs), with more countries likely to cut health spending in 2010. Only Vanuatu increased its health budget in 2009. Over the long term, reduced health spending will result in lower quality services, with repercussions on life-saving interventions, morbidity and mortality.

When recession is accompanied by inflation and the devaluation of domestic currencies, the price of imported health care commodities, such as medicines and medical equipment, goes up and can lead to shortages or increased cost of care for the consumer. In Pacific countries, which are dependent on imported medical supplies and in some cases on regional medical services, essential medicines and diagnostic services may become increasingly unaffordable. The effect would be particularly onerous for those needing ongoing treatment for non-communicable diseases or for HIV and AIDS, and could put them at risk of progressive impoverishment.

Many coping mechanisms for dealing with increased poverty and vulnerability have negative consequences on health. When families resort to buying less nutritious food, malnourishment can increase their risks to ill-health. To cope with declining family incomes, more women and girls may resort to transactional or commercial sex increasing their possible exposure to sexually transmitted infections (STIs) and HIV. Ultimately, the potential impact on the poor and vulnerable, particularly women, adolescents and children are significant. Economic crises have been found to have a significant impact on infant mortality: globally, a 4 percent decline in per capita GDP is associated with a 2 percent increase in infant mortality, with the effect five times larger for girls than for boys. If not managed, the GEC could result in 2 more Pacific Island children dying per day, an increase of 400-800 child deaths annually.

The GEC is likely to make successfully combating HIV, AIDS and sexually transmitted infections (STIs) more difficult, with HIV programmes affected by the same issues as those listed for health in general, but with different impact and consequences in certain respects. The specific ways in which the HIV epidemic and efforts to address it in the Pacific may be affected and the potential consequences include:

- Greater use of coping mechanisms which increase the risk of infection
- Reduced access to prevention programmes
- Reduced access to STI and HIV care and treatment programmes or unplanned interruptions in antiretroviral treatment

Food security refers to people's access to sufficient, safe and nutritious food which meets their dietary needs and food preferences for an active and healthy life. The four key dimensions of food security include *availability, access, stability and utilization*. Discussions on the impact of the GEC on food security at the household, national, regional or global level focused on those dimensions.

Traditionally, most Pacific countries have food *availability* due to subsistence farming and fishing. However, low consumer purchasing power and increasing dependence on low quality imported food have affected *accessibility* and the nutritional quality of food consumed, particularly in urban areas. *Accessibility* is further threatened by unemployment and lack of income generating opportunities, population growth and urbanization. The poor nutritional quality of food, which is largely imported, highly processed and dense in fat, salt and/or sugars, when combined with more sedentary lifestyles, has led to disturbing levels of chronic diseases among Pacific populations, which can be seen as a food *utilization* issue.

With the exception of Fiji, all countries in the region are net food importers and food imports are a high and increasing proportion of total export earnings. Atoll countries, in particular, depend heavily on imported food because of lack of land and growing conditions. In these countries, food availability depends on their capacity to import and food accessibility depends on the balance of payments at the national level and disposable income at the household level. This dependence on imported basic food commodities increases their vulnerability to escalations in world food and commodities prices, including fuel.

Vulnerability to food insecurity in the Pacific is intensified by weather as well as domestic production shortfalls due to pests and diseases, natural disasters to which the region is prone, inadequate domestic policy responses, and the effects of climate change, all of which can affect the *stability* of food supply. Climate change threatens food security through its impact on food production (agriculture and fisheries), infrastructure, and the economy, which affects both the ability of countries to import and households to purchase food. The impact of climate change on agriculture will vary markedly among Pacific island countries due to their differing geomorphologies and vulnerability to sea-level rise and extreme climate events.

The GEC is likely to affect food security in the following ways:

- Diminished household food purchasing power
- Reductions in food import capacity
- Increased use of coping mechanisms that increase poverty and decrease food security over the long term

The economic crisis threatens the full range of human rights, including economic, social and cultural rights and civil and political rights. As poverty increases so does the number of people in the Pacific who do not enjoy even the most basic rights. At the same time declining revenues not only limit governments' efforts to protect and fulfil human rights for all but also threaten gains made in the past. In terms of economic, social and cultural rights, GEC is likely to negatively impact the following: the right to work; the right to social security; the right to an adequate standard of living; the right to health; the right to education; the rights of migrants and the rights of women and girls.

Recommendations at national level noted that:

- Higher expenditures in the health sector often correlate with decreasing mortality and better health outcomes. Given constraints due to GEC, countries should improve cost-saving measures and adopt better budget management practices.
- The right to food approach needs to be adopted, similar to the right to water or right to education. This includes an emphasis on locally grown food or ability to buy local produce. To enhance food security in the Pacific, countries need to work towards the availability, affordability and stability of food products.

- National resources and donor funds need to be used more judiciously. This includes strengthening capacity in social service delivery and the national health system, good contingency planning and addressing the sustainability of health system financing.
- As resources dwindle at household levels, more strategic choices need to be made, with families determining actions which can be taken without requiring too much financing.
- Certain gaps need to be bridged:
  - *Knowledge*: research needs to inform evidence-based policy development. More specifically, investment in agriculture, fisheries, research, scholarships, etc needs to increase to ensure food security at national levels.
  - *Coordination*: national players and development partners need to converge their efforts to maximise results and efficiency.
  - *Focus*: emphasis should be maintained on primary healthcare.
  - *Resource efficiency*: management of resources need to be more efficient and effective.
  - *Regional cooperation*: where appropriate, regional strategies should be adopted for economies of scale.

#### *Working session on Governance and Legislative Agenda*

The session examined the critical role that legislatures play in ensuring good governance, promoting human rights including gender equality and protecting vulnerable groups. It also proposed elements of forward-looking legislative agenda at the country level to facilitate sustainable human development and strengthen long-term resilience of Pacific economies to future crises. Presentations by Marshall Islands, the University of the South Pacific, the Pacific Conference of Churches and UNIFEM outlined a range of key issues.

The concept of representative and responsive governments is new in the region and the democracies are far from representative, lacking women, youth, disabled people and vulnerable group representation. Legislatures tend to be largely male dominated and parliamentary support is often understaffed. Recruiting young people who can be trained by speakers to support MPs would be a step in the right direction. The Pacific concept of good governance was therefore hotly debated, with the discussions highlighting that there are often 3 systems of governance at work in one village. It is important that these work together better in order to lead to more participatory and representative governance. As institutions where policies and laws including budgets are made for the benefit of the population, effective legislatures are key to good governance. The process contributes to legitimacy of governments and in times of crisis it is vital that legislations help people cope with the impact. Parliament strengthening to help make Parliamentarians better informed and more proactive to support the adoption of relevant laws and policies responsive to people's needs was noted. Despite improvements in participatory legislatures, there is still some way to go and constraints include under-funding and understaffing of parliaments and parliamentary resources.

Despite challenges brought by the crisis, the RMI parliament has continued to prioritize health, education and other social services, with over half of the national budget allocated

to social sectors. RMI has made significant progress in strengthening working relationships with traditional leaders, NGOs and other groups by conducting more public hearings and taking a more participatory approach. The GEC has contributed to this participatory approach which is considered a silver lining to the crisis.

Churches stand for values and principles, and should provide objective criticism in holding governments accountable as duty bearers. These values should be replicated in legislatures so that laws are not only procedurally correct but also ethical and just. When Church leaders hold dual roles including advisory role to Government, this can sometimes compromise their role to stand up and be critical of policies that do not protect the most vulnerable. The importance of the voice of the church as a watch dog was noted.

The economic crisis is not new to the millions of people who populate the informal economy and it is increasing the number of people who enter this sector. Pacific people engaged in informal sector activities are often considered as unemployed when in fact they need to be considered as employed small business operators. Reduced incomes and vulnerability of people in the informal sector leads to insecurity and breeds violence in the home and sometimes in the public sphere. An example of this is an increase in gender based violence which is one of the most common but under-reported violations that people suffer in the region.

The process of extending formal legal rights to marginalized groups can improve the situation for the poor and gradually move them to a situation where they are more resilient to crises. The programme “Legal Empowerment of the Poor” in PNG is aiming to do this by contributing to better governance, providing access to justice and rule of law, improving property and labour rights. Legislatures need to invest in strengthening the national accountability framework, improving transparency and ombudsmen, and making sure legal reforms are adequately resourced.

In terms of forward looking policy agenda at national level, the need to ensure that legislatures are really representative of the people and are sensitive to the needs of those they serve was stressed. Greater participation by the people in the decision making process was advocated, including through possible temporary special measures to enable more women to enter legislatures and through public select committees. A third recommendation was to better understand the significance of the informal sector and treat informal workers with dignity through a legislative environment that enables them to access their rights.

At regional level, countries that are already implementing good practices could share their experiences and knowledge with others interested in implementing similar measures. As part of strengthening Parliaments, the need for induction programmes for new MPs was highlighted and the possibility to draw upon assistance provided by UNDP under its development programmes. Palau and Tuvalu could facilitate knowledge, information, and experience sharing amongst the Pacific legislatures to educate new MPs on how legislatures have become more participatory especially in bringing more youth and women into governance structures.

Delegates recognized the role of academia in increasing legislative capacity. The University of South Pacific, the University of PNG, other universities and research institutions can conduct policy related research to inform law makers about options; provide space for candid inclusive policy dialogues; provide expert advice to policy makers, and bridge the gap between decision makers and researchers. Universities and research institutions have a potential role to critically assess constitutions /electoral systems to enhance inclusiveness and representation of vulnerable groups and to champion sustainable development. Along with the need to strengthen quality and availability of data, stronger analysis of inequalities especially within households which is not captured in Gini Coefficients, need to be considered.

### 3.2 Forward-looking policy and action planning by countries

As countries reflected on the issues presented and the range of discussions which took place in the previous two and a half days, they examined how these inputs can best inform forward-looking policy and action planning to strengthen resilience to the current and future crises at both national and regional levels. In setting a clear framework for the group discussions, the Chair revisited some of the main points raised by the key speakers. He reminded the meeting that in their opening remarks on the first day of the Conference, the Hon. Prime Minister of Vanuatu and Miss Helen Clark challenged participants to come forward with some key innovative actions in response to the crisis. The forward-looking session requires participants to reflect on the depth and seriousness of the crisis and consider what should be the essence of policies. He noted that a clear focus on the MDGs is needed, with additional resources provided to countries by development partners within an aid effectiveness framework, and with specific attention paid to women and children.

Recurrent themes during the conference include (a) the importance of tailoring solutions to fit the Pacific SIDS context; (b) the need to operate within a global knowledge-based economy and use technologies especially ICT to enable Pacific countries to leapfrog into the future; (c) the opportunity to embrace a low carbon growth approach; and (d) for PICs to take ownership and responsibility of their development agenda. Countries were reminded some things are done well in the Pacific (field of sports) and in planning for the future, they should analyze what is best done nationally and what can appropriately be done at regional level, in line with the Pacific Plan. The challenge is to walk away from this conference with the vision of a dignified, hopeful and happy people in a region built on peace and prosperity.

Countries came up with a range of achievable targets which they plan to implement at country level over the immediate (next 10 months) to medium term time frame. These included six (6) broad areas namely (i) Improve efficiency and equity in public expenditure and management; (ii) Renew the focus on Social services, protection and infrastructure; (iii) Income creation and promotion of the private sector and private led growth and the informal economy; (iv) Improve data for evidence based policy, planning and monitoring; (v) Reorient economies to Sustainable green growth; and (vi) bridge the communication, education and literacy divide through strategic investments in information and communications technologies. The importance of leadership to successfully address the broad areas mentioned above was widely acknowledged.

### 3.3 Closing Remarks

In his closing statement, the Secretary-General of the Pacific Islands Forum Secretariat emphasized that the people of the Pacific are resilient and they will continue to face future crises and threats with strength and endurance. Countries and development partners were reminded that overcoming the current and future crises is about preserving and protecting the future of Pacific children and youths and leaving future generations with a viable legacy. He thanked the Government of Vanuatu for graciously hosting the Conference and all the delegates, and for all the arrangements made.

In closing the conference, the Minister of Finance of Vanuatu thanked all participants, the partners who supported the meeting and all those who contributed to its success. Delegates were reminded that once finalized, the Outcomes Document of the Pacific Conference on the Human Face would be submitted to the Pacific Forum Leaders Meeting for their consideration in August 2010. Countries are expected to update on actions taken between this Conference and the Leaders Meeting. The Honorable Minister also offered the



# Annex I: List of Conference Delegates

1. Mr. Tupou Alfred Faireka, Secretary of Health, **Head of Delegation for Cook Islands**
2. Ms. Bredina Drolett, Secretary, Ministry of Internal Affairs, Cook Islands
3. Mr. Mark Short, Secretary of Justice, Cook Islands
4. Ms. Sharyn Paio, Secretary of Education, Cook Islands
5. Ms. Elizabeth Wright, Director, Central Policy & Planning Office of the Prime Minister, Cook Islands
6. Ms. Dallas Young, Budget & Planning Advisor, Cook Islands
7. Nellie Mokoroa, Mayor of Island of Atiu, Cook Islands
8. Mr. Kora Kora, Mayor of Manihiki Island, Cook Islands
9. Mr. Filipe Bole, Minister of Labour, **Head of Delegation for Fiji**
10. Mr. Pio Tikoduadua, Permanent Secretary, Prime Minister's Office, Fiji
11. Mr. Taito Waqa, Permanent Secretary, Ministry of Labour, IR and Employment, Fiji
12. Mr. Pita Wise, Permanent Secretary, Ministry of National Planning, Fiji
13. Ms. Rokobua Naiyaga, Permanent Secretary, Ministry of Education, Fiji
14. Mr. Humphrey Chang, Vice President, Fiji Chamber of Commerce, Fiji
15. Miss Elizabeth Bucknell, Youth Delegate, Fiji
16. Hon. Mr. Alik Alik, Vice President, **Head of Delegation for Federated States of Micronesia**
17. H.E. Mr. Samson E. Pretrick, Federated States of Micronesia Ambassador to Fiji, Federated States of Micronesia
18. Hon. Ms. Vita Skilling, Secretary, Department of Health and Social Affairs, Federated States of Micronesia
19. Mr. Jeem Lippwe, Deputy Chief of Missions, FSM UN Mission, Federated States of Micronesia
20. Mrs. Shrah Alik, Coordinator, Department of Health & Social Affairs, Federated States of Micronesia
21. Mr. Simpson Abraham, Sustainable Development Planner, Office of Environment & Emergency Management, Federated States of Micronesia
22. Mrs. Salome Martin, Representative, Kosrae Women Association, Federated States of Micronesia
23. Mr. William E. Stinnett, President, FSM National Association of Chambers of Commerce, Federated States of Micronesia
24. H.E. Mr. Anote Tong, President of Kiribati, **Head of Delegation for Kiribati**
25. Hon. Mr. Natan Teewe, Minister for Finance & Economic Development, Kiribati
26. Hon. Mr. Ioteba Redfern, Minister for Labour & Human Resources Development, Kiribati

27. Mr. Taam Biribo, Office of the President, Secretary to Cabinet, Kiribati
28. Mr. Betarim Rimon, Secretary, Office of the President, Kiribati
29. Mr. Timi Kaieluiiki, Director for Planning, Ministry of Finance and Economic Development, Kiribati
30. Mr. Riwata Obetaia, Acting Deputy Secretary, Ministry of Health and Medical Services, Kiribati
31. Mrs. Tinia Rakenang, Acting Senior Social Welfare Officer, Ministry of Internal Affairs, Kiribati
32. Mr. Anterea Iakoba, Education Officer for Junior Secondary School, Ministry of Education, Kiribati
33. Mr. Martin Tofinga, President, Chamber of Commerce & Industry, Kiribati
34. Ms. Kaitinano Mwemweata, Youth Representative, Kiribati
35. Hon. Mr. John Silk, Minister for Foreign Affairs & Labour, **Head of Delegation for Marshall Islands**
36. Hon. Mr. Dennis Momotaro, Senator, Member of Parliament, Marshall Islands
37. H.E. Ms. Amatlain E. Kabua, Marshall Islands Ambassador to Fiji, Marshall Islands
38. Mrs. Daisy Alik-Momotaro, Director, Women United Together Marshall Islands, Marshall Islands
39. Mr. Wilbur Heine, Secretary of Internal Affairs, Marshall Islands
40. Mrs. Justina Langidrik, Secretary of Health, Marshall Islands
41. Mrs. Biram Stege, Secretary of Education, Marshall Islands
42. Mr. Benjamin Graham, Special Adviser, Office of the Chief Secretary, Marshall Islands
43. Mrs. Lydia Kaminaga, Foreign Affairs Officer, Marshall Islands
44. Mr. Phil Welch, Chamber of Commerce, Marshall Islands
45. Ms. Charmaine Scotty, Director, Women and Social Welfare, **Head of Delegation for Nauru**
46. Mr. Ellongton Dowabobo, Private Sector Representative, Nauru
47. Ms. Greta Harris, Assistant Director, Bilateral Relations, Aid Management Unit, Department of Finance and Sustainable Development, Nauru
48. Mrs. Jean Akubor, Teacher in Charge, Able Disabled Centre, Department of Education and Able Disabled Association, Nauru
49. Hon. Mrs. O'love Jacobsen, Minister of Health, **Head of Delegation for Niue**
50. Hon. Mr. Atapana Siakimotu, Speaker, Legislative Assembly, Niue
51. Ms. Doreen Siataga, Accountant, Treasury Dept, Niue
52. Mrs. Itzy Tukuitonga, Education Department, Niue
53. Mr. Poni Kapaga Chairperson, Niue Public Service Commission, Niue
54. Mr. Shane Tohovaka, Chamber of Commerce, Niue
55. Ms. Charlene Tukiuha, Community Development Officer, Niue
56. Mr. Toki Talagi, Niue Youth Council, Niue
57. Hon. Mr. Kerai Mariur, Vice President and Minister for Finance, **Head of**

**Delegation for Palau**

58. Mr. Gibson Kanai, Palau Congress Member – Floor Leader, Palau
59. Mr. Warren Umetaro, Chief of Staff, Office of the Vice President, Palau
60. Mr. Gustav Aitaro, Director, Bureau of International Trade & Technical Assistance, Palau
61. Ms. Joanne Maireing Sengebau, Ministry of Health & Women, Palau
62. Ms. Debbie Tkel-Sbal, Representative, Ministry of Education, Palau
63. Ms. Elmera Syozitaro, Senior Labour Officer, Ministry of Labour, Palau
64. Miss Danielle Jean-Marie Willis, Youth Delegate, Palau
65. Dame Carol Kidu, Minister of Community Development, **Head of Delegation for Papua New Guinea**
66. Mr. Joseph Turia, First Assistant Secretary, Department of National Planning & Monitoring, Papua New Guinea
67. Mr. Michael Bongro, Executive Manager for International Policy (Policy Division), Department of Environment & Conservation, Papua New Guinea
68. Mr. Alex Lilo Ginet, Aid Coordinator, Department of National Planning & Monitoring, Papua New Guinea
69. Mr. John Paska, Trade Union Congress, Papua New Guinea
70. Hon. Mr. Niko Lee Hang, Minister for Finance, **Head of Delegation for Samoa**
71. Mr. Joe Keil, Associate Minister of Labour, Samoa
72. Mr. Iulai Lavea, Chief Executive Officer, Ministry of Finance, Samoa
73. Mr. Tagaloasa Uili Matafeo, Manager, Samoa National Provident Fund, Samoa
74. Ms. Laititi Belford, Assistant Chief Executive Officer, Ministry of Education, Samoa
75. Ms. Frances Brebner, Registrar, Health Professionals, Samoa
76. Ms. Angharad Toma, Senior Program Officer, Division for Youth, MWCSO Samoa
77. Mr. Aaron Rubin Olofia, Director, Social Welfare, **Head of Delegation for Solomon Islands**
78. Mr. Nick Gagahe, Government Statistician, Solomon Islands
79. Miss Lyn Legua, Director, Planning, Solomon Islands
80. Mr. Walter Diamana, Senior Desk Officer, UN Treaties & Americas Branch, Solomon Islands
81. Ms. Loretta Ta'ake, Child desk Officer, Ministry of Women, Youth and Children Affairs, Solomon Islands
82. Mr. João Cancio Da Costa Freitas, Minister of Education, **Head of Delegation for Timor Leste**
83. Mr. Joaquim Da Costa Freitas, Prime Minister's Office, Timor Leste
84. Ms. Dinorah Suzette Ximenes Granadeiro, Forum One Timor Leste, Timor Leste
85. Mr. Simona Sale, Private Sector Representative, **Head of Delegation for Tokelau**
86. Mr. Afega Gualofa, Policy Advisory Officer, Tokelau
87. Mr. Heto Solomona Puka, Finance Manager, Tokelau
88. Dr. Lameka Sale, Medical Officer, Tokelau
89. Mr. Ailani Tanielu, Economic Development Adviser, Tokelau

90. Mr. Siopili Perez, Finance Manager, Tokelau
91. Hon. Mr. Otenifi Afu'alo Matoto, Minister of Finance & National Planning, **Head of Delegation for Tonga**
92. Hon. Mr. Sione Fuko, Minister for Revenue, Tonga
93. Mr. Sione Tekiteki, Chief Clerk, Parliament, Tonga
94. Ms. Tufui Faletau, Deputy Secretary, Ministry of Finance & National Planning, Tonga
95. Mr. Sefita Tangi, Commissioner for Revenue, Tonga
96. Mrs. Peaua Heimuli, Deputy Director for Education, Tonga
97. Ms. Louhangale Sauaki, Accounting Officer, Diplomat, Ministry of Health, Tonga
98. Mr. Taniela Sila, Inland Revenue Officer, Department of Revenue, Youth delegate, Tonga
99. Hon. Mr. Lotoala Metia, Minister for Finance & Economic National Planning, **Head of Delegation for Tuvalu**
100. Hon. Mr. Kausea Natano, Minister for Labour, Works, Water and Energy, Tuvalu
101. Mr. Minute Taupo, Secretary, Ministry for Finance, Economic Planning and Industries, Tuvalu
102. Mr. Petaia M Moeaga, Assistant Secretary, Ministry for Foreign Affairs and Labour, Tuvalu
103. Mrs Olioliga Iosia, Acting Secretary, Ministry for Education, Youth and Sports, Tuvalu
104. Mr. Saufatu Sopoanga, Executive Secretary, Chamber of Commerce, Tuvalu
105. Hon. Mr. Edward Nipake Natapei, Prime Minister, **Head of Delegation for Vanuatu**
106. Hon. Mr. Sela Molisa, Minister of Finance, Vanuatu
107. Hon. Mr. Joe Natuman, Minister for Foreign Affairs, Vanuatu
108. Hon. Ms. Charlot Salwai, Minister for Education, Vanuatu
109. Hon. Mr. Moses Kahu, Minister for Health, Vanuatu
110. Hon. Mr. Bakoa Kaltong, Minister of Justice and Community Services, Vanuatu
111. Mr. Odo Tevi, Governor Reserve Bank of Vanuatu, Vanuatu
112. Mr. Jean Sese, Director General, Ministry of Foreign Affairs, Vanuatu
113. Mr. George Maniuri, Director General, Ministry of Finance and Economic Management Vanuatu
114. Mr. Russell Nari, Director General, Min of Education, Vanuatu
115. Hon. Peter Vuta, First Deputy Secretary, Vanuatu
116. Mr. Benjamin Shing, Director, Department of Finance & Treasury, Vanuatu
117. Ms. Dorosday Kenneth, Director, Department of Women Affairs, Vanuatu
118. Mr. Kalfau Kaloris, Director, Department of Foreign Affairs, Vanuatu
119. Mrs. Anthea Toka, Director, VANGO, Vanuatu
120. Mr. Ephraim Kalsakau, Vanuatu Trade Union Congress, Vanuatu
121. Mrs. Jenny Ligo, Child Desk Officer, Department of Women Affairs, Vanuatu
122. Miss Kirsty Tavoia, Student, University of the South Pacific, Youth Delegate, Vanuatu
123. H.E. Mr. Pablo Kang, Australian High Commissioner to Vanuatu
124. Ms. Judith Robinson, Minister-Counsellor, Australian Agency for International Development

125. Ms. Sue Connell, Assistant Director General Pacific Branch, Australian Agency for International Development
126. H.E. Mr. Jeff Langley, New Zealand High Commissioner to Vanuatu
127. Mr. John Claasen, Adviser, New Zealand Agency for International Development
128. H.E. Mr. Malcolm McLachlan, British High Commissioner to Vanuatu
129. H.E. Mr. Michael Leir, Canadian Ambassador to Vanuatu
130. H.E. Mr. Cheng Shuping, Chinese Ambassador to Vanuatu
131. Mr. Nicholas Berlanga Martinez, Charge d'Affaires, European Union to Vanuatu
132. Mr. Michel Epron, First Counsellor, France
133. Ms. Wiwiek Setyawati Firman, Deputy Chief of Mission, India
134. H.E. Mr. Gian Ludovico, Ambassador, Italy
135. Mr. Takeshi Tanabe, Counsellor, Japan
136. Mr. Florentino Serrano, Philippine Honorary Consul in Vanuatu
137. H.E. Mr. Paul Berg, US Embassy, Fiji Office
138. H.E. Mr. Alexander Blokhin, Ambassador of Russia to Vanuatu, Canberra, Australia
139. Mr. Sergey Dereygin, Counsellor, Russian Embassy, Canberra, Australia
140. Miss Helen Clark, **United Nations Development Group, Chair** and Administrator, United Nations Development Programme
141. Mr. Ajay Chibber, UN Assistant Secretary General and United Nations Development Programme Regional Director
142. Mr. Nicholas Rosellini, Regional Director, United Nations Development Programme
143. Ms. Anupama Rao, Regional Director, United Nations Children's Fund
144. Dr. Isiyé Ndombi, Resident Representative, United Nations Children's Fund
145. Ms. May Pascual, Chief Operating Officer, United Nations Children's Fund
146. Ms. Noeleen Heyzer, Executive Secretary, United Nations Economic and Social Commission for Asia and the Pacific
147. Mr. Iosefa Maiava, Head of United Nations Economic and Social Commission for Asia and the Pacific
148. Mr. David Smith, Technical Adviser, United Nations Economic and Social Commission for Asia and the Pacific
149. Troedsson, Dr. Hans, Director of Programme Management, World Health Organization
150. Mr. Dirk Jenna, Director, Sub-regional Office, United Nations Population Fund
151. Mr. Visesio Ponji, Head of Office & Representative, United Nations Educational, Scientific, and Cultural Organization
152. Ms. Elizabeth Cox, Director, United Nations Development Fund for Women
153. Mr. Stuart Watson, Pacific Coordinator, Joint United Nations Programme on HIV/AIDS
154. Ms. Sachiko Yamamoto, Regional Director Asia Pacific, International Labour Organisation
155. Mr. Trevor Riordan, Manager Skills - AP, International Labour Organization
156. Mr. Vincent Jugault, Senior Specialist, International Labour Organization
157. Mr. Larry Greenwood, Vice President, Asian Development Bank
158. Mr. Keith Leonard, Regional Director, South Pacific Subregional Office, Asian

- Development Bank
159. Mr. Craig Sugden, Senior Economist, Asian Development Bank
  160. Tuiloma Neroni Slade, Secretary General, Pacific Islands Forum Secretariat
  161. Mr. Sanjesh Naidu, Economic Adviser, Pacific Islands Forum Secretariat
  162. Ms. Charkrya Bowman, Director Economic Governance, Pacific Islands Forum Secretariat
  163. Dr. Jimmie Rodgers, Director General, Secretariat for the Pacific Community
  164. Mr. William Parr, Public Health Director, Secretariat for the Pacific Community
  165. Ms. Ruby Awa, Regional Rights Resource Team, Secretariat for the Pacific Community
  166. Prof. Rajesh Chandra, Vice-Chancellor and President, University of the South Pacific
  167. Prof. Biman Prasad, Professor of Economics, University of the South Pacific
  168. Prof. Joeli Veitayaki, Director School of Marine Studies, University of the South Pacific
  169. Mr. Vili Fuavao Sub-regional Representative for the Pacific, Food and Agriculture Organization of the United Nations
  170. Mr. Sua N.F. Tanielu, Director General, Pacific Islands Forum Fisheries Agency
  171. Mr. Kosi Latu, Deputy Director, South Pacific Regional Environment Programme
  172. Dr. Russel Howorth, Director, Pacific Islands Applied Geoscience Commission
  173. Mr. Peni Sikivou, Director Economic and Social Development, Melanesian Spearhead Group Secretariat
  174. Mr. Matt Davies, Centre Coordinator, International Monetary Fund/Pacific Financial Technical Assistance Centre
  175. Mr. Philip O'Keefe, Lead Economist, World Bank
  176. Dr. Cyrus Rustomjee, Director Economic Affairs Division, Commonwealth Secretariat
  177. Ms. Kelly Eliza Dent, Economic Justice Team Lead, Oxfam
  178. Mr. Fei'loatikau Kaho Tevi, General Secretary, Pacific Conference of Churches
  179. Ms. Aurelia Balpe, Head of Regional Office, International Federation of Red Cross
  180. Mr. Hilson Toaliu, Director, Save the Children (Australia)
  181. Prof. Peter Whiteford, Social Policy Research Centre, University of New South Wales
  182. Mr. Nikuj Soni, Executive Director, Pacific Institute of Public Policy
  183. Mr. Sean Dorney, Journalist, Australia Broadcasting Commission
  184. Mr. Pita Ligaiula, Journalist, Island Business
  185. Ms. Annell Husband, Journalist, Radio New Zealand
  186. Ms. Helen Craig, Journalist, Pacific Islands News Association

# Annex II: List of Resource Persons

1. Hon. Mr. Bob McMullan MP, Parliamentary Secretary for International Development Assistance, Government of Australia
2. Mr. Gyorgy Sziraczki, Senior Economist, Internal Labour Organization
3. Mr. Anthony Hughes, former Solomon Islands Governor of the Solomon Islands Central Bank
4. Dr. Shiladitya Chatterjee, Senior Adviser, Asian Development Bank
5. Dr. Rathin Roy, Director, International Poverty Centre, Brazil
6. Ms. Merilyn Tahi, Coordinator, Vanuatu Women's Centre
7. Mr. David Lamotte, Special Adviser, Employment Sector, International Labour Organization
8. Dr. Yvonne Underhill, Senior Lecturer, Centre of Development Studies, University of Auckland, New Zealand
9. Mr. Mohammed Abbadi, Gender Specialist, United Nations Development Programme
10. Dr. Helen Tavola, Consultant, United Nations Children's Fund/United Nations Educational, Scientific, and Cultural Organization
11. Dr. Ana Mau Taufe'ulungaki, Director, Institute of Education, University of the South Pacific
12. James, Dr. Christopher, Technical Officer in Macro, Western Pacific Regional Office, World Health Organization
13. Prof. Vijay Naidu, Director, Center for Development Studies in the School of Social and Economic Development, University of the South Pacific
14. Dr. Eliab Seroney Some, Chief of Health, UNICEF
15. Fabre-Teste Dr. Bernard, Country Liaison Officer for Vanuatu, World Health Organization
16. Mr. Seve Paeniu, Sustainable Development Advisor, South Pacific Regional Environment Programme
17. Mr. Mark Ingram, Chief Executive Officer, Business for Millennium Development on "Empowering the economic base of the Pacific Region through Creative Capitalism"



# Annex III: Agenda



## Pacific Conference on **The Human Face of the Global Economic Crisis**

February 10-12, 2010, Port Vila, Vanuatu

### 9 February, Tuesday

#### **18:30 WELCOMING RECEPTION BY THE GOVERNMENT OF VANUATU**

*Venue: Le Meridien Hotel*

### 10 FEBRUARY, WEDNESDAY DAY ONE

07:30-08:30 *Registration of participants*

08:45 hrs All delegates and guests arrived and are seated  
Housekeeping announcements

#### **09:00-09:45 OFFICIAL OPENING OF THE CONFERENCE**

**Chair: Honourable Sela Molisa, Minister of Finance,  
Government of Vanuatu**

***Opening Prayer by Pastor Osea Bani, Chairman, Vanuatu Christian  
Council***

***Introductory Remarks and Welcome by the Chair***

***Video presentation by children representatives***

***Address by Honourable Edward Natapei, Prime Minister of  
Vanuatu***

***Keynote Address by Miss Helen Clark, Chair of the United Nations  
Development Group***

#### **09:45-10:30 BREAK**

*Group photo*

**10:30-12:30 PLENARY 1: IMPACT OF THE CRISIS ON PEOPLE – PACIFIC PERSPECTIVES**

**Chair:** Tuiloma Neroni Slade, Secretary General, Pacific Islands Forum Secretariat

**Main Presenter:** *Dr. Noeleen Heyzer, Executive Secretary, Economic and Social Commission for Asia and the Pacific*

**Panelists:** *His Excellency Mr. Anote Tong, President of Kiribati*

*Dame Carol Kidu, Minister of Community Development, Papua New Guinea*

*Followed by discussion*

**Discussion Panelists:** *Mr. Larry Greenwood, Vice President, Asian Development Bank Dr. Jimmie Rodgers, Director General, Secretariat of the Pacific Community*

**12:30-14:00 LUNCH**

*Guest Speaker: Honourable Mr. Bob McMullan MP, Parliamentary Secretary for International Development Assistance, Government of Australia*

**14:00-15:30 PARALLEL ROUNDTABLES ON IMPACT ASSESSMENT**

**Roundtable A: Impact assessment at national levels: Economic growth, trade and employment**

**Chair:** Honourable Loteba Redfern, Minister of Labour & Human Resources, Government of Kiribati

**Presenters:** Honourable Lotoala Metia, Minister of Finance and Economic Planning, Tuvalu  
Ms. Elizabeth Wright, Director of Policy and Planning, Office of the Prime Minister, Cook Islands  
Ms. Tufui Faletau, Deputy Secretary, Ministry of Finance and National Planning, Tonga

**Discussion panelists:** Ms. Alison Woodruff, Economist, Pacific Department, Asian Development Bank  
Mr. Matt Davies, Director, International Monetary

Fund/Pacific Financial Technical Assistance  
Centre

Mr. Gyorgy Sziraczki, Senior Economist,  
International Labour Organization

**Roundtable B: Impact assessment at community levels: women, children and other vulnerable groups**

- Chair: Honourable O'love Jacobsen, Minister of Health,  
Government of Niue
- Presenters: Honourable Vita Skilling, Minister of Health,  
Federated States of Micronesia  
Honourable Natan Teewe, Minister of Finance &  
Economic Development, Kiribati  
Mr. Siopili Perez, Finance Manager of Nukunonu,  
Tokelau  
Mr. Nicholas Gagahe, Government Statistician,  
Solomon Islands
- Discussion panelists: Dr. Isiyé Ndombi, Representative, United Nations  
Children's Fund Mr. Dirk Jena, Regional Director  
and Representative, United Nations Populations  
Fund  
Ms. Elizabeth Cox, Regional Programme Director,  
United Nations Fund for Women Pacific

**15:30-16:00 BREAK**

**16:00-17:30 PLENARY 2: ACTIONS TAKEN BY COUNTRIES IN RESPONSE TO  
THE CRISIS**

**Chair: Ms. Anupama Rao Singh, Regional Director, United Nations  
Children's Fund, East Asia and Pacific Regional Office**

***Presenters: Mr. Simeon Athy, Director-General, Prime Minister's  
Office, Vanuatu  
Honourable Niko Lee-Hang, Minister for Finance,  
Samoa  
Mr. Ben Graham, Special Adviser, Office of the Chief  
Secretary, Republic of Marshall Islands  
Followed by discussion***

**19:00-21:00 RECEPTION BY THE UNITED NATIONS**

*Venue: Le Meridien Hotel*

**11 FEBRUARY, THURDAY  
DAY TWO**

08:45 hrs All delegates and guests arrived and are seated

Housekeeping announcements

**09:00-10:30 PLENARY 3: ACTIONS TAKEN BY COUNTRIES IN RESPONSE TO THE CRISIS**

**Chair: Mr. Larry Greenwood, Vice President, Asian Development Bank**

**Presenters:** *Honourable Kerai Mariur, Vice President and Minister of Finance, Palau*  
*Mr. Pita Wise, Permanent Secretary for National Planning, Fiji*  
*Country Representative (TBA)*  
*Followed by discussion*

**10:30-11:00 BREAK**

**11:00-12:30 PLENARY 4: INCLUSIVE ECONOMIC GROWTH AND SOCIAL POLICIES**

**Chair: Mr. Ajay Chhibber, UN Assistant Secretary General and United Nations Development Programme Regional Director**

**Presenters:** *Honourable 'Otenifi Afu'alo Matoto, Minister of Finance, Planning and Public Enterprises, Tonga*  
*Mr. Anthony Hughes, Former Governor of the Central Bank of Solomon Islands*  
*Dr. Shiladitya Chatterjee, Senior Advisor, Asian Development Bank*  
*Dr. Rathin Roy, Director, International Policy Centre, Brazil*  
*Followed by discussion*

**12:30-14:00 LUNCH**

*Guest Speaker: Ms. Marilyn Tahi, Coordinator of the Vanuatu Women's Centre*

**14:00-16:30 PARALLEL WORKING SESSIONS ON SECTORAL CHALLENGES AND RESPONSES**

**Working Session A: Labor**

- Chair: Honourable Filipe Bole, Minister of Labour,  
Government of Fiji
- Presenters: Mr. David Lamotte, Employment Sector, International  
Labour Organization  
Dr. Yvonne Underhill, Senior Lecturer, University of  
Auckland  
Ms. Allison Woodruff, Economist, Pacific Department,  
Asian Development Bank  
Mr. Mohammad Abbadi, Gender Specialist, United  
Nations Development Programme

### **Working Session B: Education**

- Chair: Ms. Debbie Sbal, Government of Palau
- Presenter: Dr. Helen Tavola (UNICEF/UNESCO)
- Panelists: Dr. Visesio Pongi, Director and Representative, United  
Nations Educational, Scientific & Cultural Organization  
Mr. John Niroa, Ministry of Education, Government of  
Vanuatu  
Dr. Ana Mau Taufe'ulungaki, University of the South  
Pacific  
Mr. Krishna Datt, Council of Pacific Educators  
Youth Delegate

### **Working Session C: Health and Food Security**

- Chair: Dr. Vita Skilling, Secretary for the Department of Health  
and Social Affairs, Federated States of Micronesia
- Presenters: Dr. Christopher James, Macroeconomist, World Health  
Organization  
Dr. Vili Fuavao, Subregional Representative for the  
Pacific, Food and Agricultural Organization  
Mr. Bill Parr, Director Social Resource Division,  
Secretariat of the Pacific Community  
Mr. Stuart Watson, Pacific Coordinator, UN Programme  
on AIDS

### **Working Session D: Governance and Legislative Agenda**

- Chair: Dame Carol Kidu, Minister of Community Development,  
Papua New Guinea
- Presenters: Professor Vijay Naidu, University of the South Pacific  
Honourable Dennis Momotaro, Senator, MP, Republic  
of Marshall Islands

Mr. Fei'loatikau Kaho Tevi, General Secretary, Pacific Conference of Churches

Ms. Elizabeth Cox, Regional Programme Director, United Nations Fund for Women Pacific

**16:30-17:00 BREAK**

**17:00-18:00 PLENARY 5: REJOINDER/SUMMARY OF WORKING SESSIONS**

**Chair: Ms. Charmaine Scotty, Secretary of Justice, Government of Nauru**

*Recap by chairs of the working sessions on main issues and action points noted*

FREE EVENING

**12 FEBRUARY, FRIDAY  
DAY THREE**

08:45 hrs All delegates and guests arrived and are seated

Housekeeping announcements

**09:00-10:00 PLENARY 6: CLIMATE CHANGE AND GREEN GROWTH**

**Co-Chairs:** *Honourable Lotoala Metia, Minister of Finance & Planning, Government of Tuvalu & Mr. Iosefa Maiava, Head, ESCAP Subregional Office for the Pacific*

**Panelists:** *Ms. Sachiko Yamamoto, Regional Director Asia Pacific, International Labour Organization  
Honourable Niko Lee-Hang, Minister of Finance, Samoa  
Mr. Kosi Latu, Deputy Director, South Pacific Regional Environment Programme  
Followed by discussion*

**10:00-10:30 BREAK**

**10:30-12:30 FORWARD-LOOKING POLICY/ACTION PLANNING TO STRENGTHEN RESILIENCE TO THE CURRENT AND FUTURE CRISES**

**Facilitator: Professor Rajesh Chandra, Vice Chancellor, University of the South Pacific**

**12:30-14:00 LUNCH**

*Guest speaker: Mr. Mark Ingram, Chief Executive Officer, Business for Millennium Development on “Empowering the economic base of the Pacific Region through Creative Capitalism”*

**14:00-15:30 PLENARY 7: CONCLUDING STATEMENTS BY PACIFIC COUNTRY DELEGATIONS**

**Chair: Dr. Jimmie Rodgers, Director General, Secretariat of the Pacific Community**

*Updates by heads of country delegations on forward-looking policy and governance agenda*

**15:30-16:00 BREAK**

**16:00-17:30 ADOPTION OF OUTCOME STATEMENT**

**Chair: Honourable Sela Molisa, Minister of Finance, Government of Vanuatu**

**17:30-18:00 OFFICIAL CLOSING**

**Chair: Honourable Sela Molisa, Minister of Finance, Government of Vanuatu**

*Closing Statement by: Tuiloma Neroni Slade, Secretary General of Pacific Islands Forum Secretariat*

**Closing prayer**

FREE EVENING

