



BEYOND “SUBSISTENCE AFFLUENCE”: POVERTY IN PACIFIC ISLAND COUNTRIES¹

Introduction

Economic growth was the main objective of development policies in the 1950s and 1960s but the recognition that growth by itself did not eliminate poverty led to the adoption of a series of poverty-reducing strategies, including the basic needs approach, in the 1970s. However, this new focus was short-lived as stabilization and adjustment issues came to dominate the policy debate in the 1980s and poverty was relegated to the back burner. The poor economic performance and sharp rise in poverty in many developing countries in that decade led to a renewed interest in poverty and related issues,² culminating in the adoption of the Millennium Development Goals by world leaders in 2000.

The first Goal is the elimination of extreme poverty, although the next six are also directed at eliminating poverty in all its forms and are interlinked.³ Poverty is not easy to define and, once defined, is not easy to measure (Greenwell, Lloyd and Harding, 2001). Different definitions of poverty require the use of different indicators for measurement and the adoption of different poverty eradication strategies (Ruggeri Laderchi, Saith and Stewart, 2003). In the past, an income level of US\$ 1 per day was widely accepted as the basic measure of poverty but now there is universal agreement that the dimensions of poverty far transcend this traditional definition. Poverty is thus better measured in terms of access to basic education, health care, nutrition, clean water and sanitation, and the most broadly used standard for measuring poverty in practice is likely to continue to be the adequate consumption of food and other essentials.

*Poverty is not easy
to define or to
measure*

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² Several important publications (UNICEF, 1987; UNDP, 1990; and World Bank, 1990) enabled poverty reduction once more to become central to policy debates.

³ The first seven Goals are as follows: Goal 1, Eradicate extreme hunger and poverty; Goal 2, Achieve universal primary education; Goal 3, Promote gender equality and empower women; Goal 4, Reduce child mortality; Goal 5, Improve maternal health; Goal 6, Combat HIV/AIDS, malaria and other diseases; and Goal 7, Ensure environmental sustainability. The last one, Goal 8, Develop a global partnership for development, seeks to strengthen the means to achieve the first seven.

***Data on poverty
in the Pacific
are lacking***

According to a recent study (ESCAP, 2003), countries in Asia and the Pacific are estimated to have reduced the overall incidence of poverty from 34 to 24 per cent in the 1990s, the most successful among them being countries in East and South-East Asia, many of which have already achieved their targets. Much of this progress can be attributed to their sustained economic growth, providing ample proof of its importance for poverty reduction.⁴ The poverty situation in the Pacific is, however, difficult to gauge owing to the lack of reliable data, although work by ADB and UNDP, among others, shows that poverty is on the rise in some Pacific island countries. The following discussion focuses on the current poverty situation in the Pacific and highlights policy issues and options for consideration.

Poverty in the Pacific island context

***Subsistence affluence
is a term used to
describe societies
in the Pacific ...***

The majority of people in the Pacific still rely on subsistence agriculture for their livelihood and the term “subsistence affluence” (Bayliss-Smith and Feacham, 1977; Lam, 1982) has been used to describe their societies, in which strong support for the extended family or community is said to have contributed to alleviating extreme poverty. However, Pacific island countries are not as equitable as they are sometimes portrayed and, in some ways, inequalities within those countries are deepening. The spread of the cash-based economy, together with new forms of employment and urbanization, has restructured national and household economies and accentuated economic differences in the process (UNDP, 1999: 5). There are communities, families and individuals throughout the Pacific living in deep poverty despite traditional social support systems (Lightfoot and Ryan, 2001). Poverty is often not as visible or as extreme as it is in some of the poorest parts in the world, but there are people in the subregion who are truly disadvantaged and deprived (UNDP, 1999: 17).

***... but people in
the subregion are
disadvantaged by
limited opportunities***

The term “poverty of opportunity”⁵ aptly describes the more encompassing image of poverty in the Pacific (UNDP, 1999: 5). It is attributable to the limited opportunities to earn cash income; the risks associated with change; the shortages of financial, technical and social services; and the nature and quality of governance (Lightfoot and Ryan, 2001). Weak economic growth for prolonged periods of time, coupled with annual population growth rates in excess of 2 per cent in many island economies, particularly Kiribati, Papua New Guinea, Solomon Islands and Vanuatu, has caused per capita incomes to stagnate or decline, leading, in turn, to high urban unemployment, crime and violence. Several Pacific island countries have also experienced political instability and serious civil disorder in recent years, which has strongly discouraged private investment and reduced employment opportunities and, in some cases, resulted in outright poverty.

⁴ The overall rate of economic growth appears to be much more important than its sectoral composition in reducing the incidence of absolute poverty in some East and South-East Asian countries (Warr, 2000).

⁵ The idea underlying this concept is that many more people are denied basic human opportunities than are denied a minimum income (UNDP, 1997b).

High emigration to countries like Australia and New Zealand has relieved some of the pressure in countries like Cook Islands, Niue, Samoa and Tonga. Fiji has witnessed a brain drain of people leaving in search of better opportunities as a result of the political instability and lack of business confidence engendered by several coups. In smaller countries in the southern and northern Pacific, however, emigration has become a real problem. While emigration means inward remittances, it can also be a cause of poverty, as in the case of children who are semi-abandoned by parents working overseas and left in the care of grandparents and other relatives unable to care for them adequately. Many emigrants from the Pacific are unskilled workers and may themselves be experiencing hardship and poverty.⁶

Emigration is an answer for some and a problem for others

Because of their small size, remoteness and geographical fragmentation, many Pacific communities are highly vulnerable and suffer disproportionately from external shocks, such as adverse climatic events or market failures.⁷ Natural disasters have caused extensive damage to lives and property, while the very existence of several atoll economies is threatened by higher sea levels. With the exception of Fiji, Papua New Guinea, Samoa, Solomon Islands, Tonga and Vanuatu, agricultural land is very limited and can do little more than support the local population. Traditional ownership patterns govern land use in the Pacific and the atoll economies are increasingly constrained by the shortage of usable land. A few Pacific island countries have developed the tourism industry but lack of infrastructure, especially regular transport services and accommodation, prevent it from reaching its potential. Fisheries, especially tuna, are an important resource in several of these countries but fish processing is limited as it is too capital-intensive. Timber is another natural resource available to some countries but exploitation is unsustainable, reflecting both the inability of the large number of traditional owners of this resource to protect their interests adequately in commercial negotiations, and weak governance.

Vulnerability is high in the Pacific island countries

Pacific island countries have been recipients of large aid flows. For example, aid from Australia since 1970 has amounted to about US\$ 50 billion. However, in a recent study (Hughes, 2003) it is argued that aid has failed the Pacific and that the suspension of all aid would provide a catalyst for change. This policy recommendation seemed inappropriate for Pacific island countries and, if adopted, could even contribute to worsening the poverty situation in these countries.⁸ A more realistic option, however,

Aid has not been the answer

⁶ There are many Pacific island emigrants living in Australia and New Zealand in relative poverty, impoverishing themselves to send money back home. Unfortunately, this money often goes into the building of grand churches.

⁷ For example, Vanuatu, Tonga and Fiji have been ranked first, third and eighth respectively out of 111 developing countries on the vulnerability index (Advisory Board to the Joint Commonwealth Secretariat/World Bank Task Force on Small States, “Small States: a composite vulnerability index” available at < <http://wbln0018.worldbank.org/external/lac/lac.nsf/0/629bfda942b112e2852567fc00530409?OpenDocument> >).

⁸ Another recent study suggests that policy makers should be less sanguine about concluding that aid boosts growth in countries with good policies (Easterly, Levine and Roodman, 2003). In their paper, the authors expand on an earlier paper which concluded that aid had had a positive impact on growth in developing countries with good fiscal, monetary and trade policies but little impact in the presence of poor policies (Burnside and Dollar, 2000).

might be for donors and recipients to agree on the principle of mutual obligation in aid to the Pacific so that aid would only be spent on mutually agreed development projects designed and monitored by teams nominated by the sovereign recipients and donors. Recent approaches to aid in the Pacific have moved in this direction but institutional and capacity-building issues need to be addressed if aid is to make a substantive contribution to the economic and social development of these countries.

The quality of governance is key to economic growth in Pacific island countries

Recent debate has centred on the need to improve good governance and to increase accountability in Pacific island countries as important factors in economic growth. Pacific societies have a strong tradition of patronage, which favours those with influence and connections, particularly in the exploitation of natural resources, and penalizes those without. Nauru is an example of a country with such a bad governance record that it has gone from being one of the richest countries in the world, based on revenues from phosphate mining, to one of the poorest.

Bad governance also means that inequalities between urban and rural areas, between socio-economic groups and sometimes between ethnic groups, are becoming increasingly entrenched. Rural development in terms of transport and social infrastructure is often accorded low priority, leading to a reduction in the opportunities available to those living in rural areas, where the construction of roads would contribute to poverty reduction by providing access to markets, health, education and other services. There is a growing gap between a few well-to-do persons, mostly based in urban areas, and the majority of the population in the Pacific island countries, who are less educated and live in rural areas. Furthermore, the difficult physical environment, with high mountainous terrain in some countries and vastly spread-out, remote atolls in others, makes the provision of services such as education and health very difficult and costly, so that small, remote communities are marginalized, with reduced opportunities and increased poverty incidence.

Empowering women would go far in fighting poverty

Women continue to be prominent in traditional agriculture in the Pacific island countries, which has ensured that there is no absolute poverty and associated hunger in the subregion, unlike in many other parts of the world. However, most women in the Pacific are disadvantaged by their underrepresentation at all levels of society, especially in the decision-making process. The same could be said of other vulnerable groups, such as the disabled. Empowering women could, for example, contribute significantly to changing traditional attitudes to family size, leading to slower population growth and improved human development indicators. In addition, policies with regard to several emerging social issues, such as HIV/AIDS, sexual abuse of children and prostitution that have major implications for fighting poverty in some Pacific island countries, would benefit from the empowerment of women.

National poverty reduction strategies in the Pacific

Pacific island countries have now recognized that poverty exists and are undertaking initiatives at the national level to address this issue. Many of them have targeted anti-poverty measures, such as the allocation of funds in national budgets for activities specifically aimed at disadvantaged groups. Fiji, for example, recently approved plans to establish a Department of Poverty Eradication in its efforts to reduce poverty by 5 per cent annually. The Department will be responsible for ensuring that the Government’s poverty alleviation policies, projects and programmes are well coordinated and implemented in an integrated manner. At the same time, Pacific island countries have also recognized the importance of creating an environment conducive to growth as being necessary to fighting poverty. With the assistance of organizations such as ADB and the World Bank, most of them have undertaken economic reform initiatives in recent years, albeit with mixed results. While the primary responsibility for tackling poverty rests with the countries themselves, it is imperative for them to work closely with each other as well as with international organizations, given their lack of financial and human resources. It is encouraging that the recent Forum Economic Ministers Meeting, held at Majuro, Marshall Islands, in June 2003, accorded poverty reduction priority status in the agenda for the region.

Partnerships with international organizations, non-government organizations and the private sector will also be crucial if Pacific island countries are to grapple successfully with poverty and related issues. Several countries, such as Cook Islands, Fiji, Papua New Guinea, Samoa, Solomon Islands and Tuvalu, have signed partnership agreements with ADB to work on the development of national poverty reduction strategies. Such assistance has enabled those countries to analyse poverty and conduct participatory poverty assessments. The calculation or recalculation of poverty lines has helped the general public and their leaders to appreciate the extent of poverty in their countries and contributed to the development of a broad understanding of the nature of poverty and to a greater focus on priority programmes. For example, such assistance to Papua New Guinea contributed to the incorporation of poverty issues into the new medium-term development strategy of the Government. ADB has taken the lead in considering the establishment of a multi-donor Pacific poverty fund to pool external funds for a more effective and efficient analysis of poverty in the region. Apart from ADB, other organizations assisting Pacific island countries in addressing poverty include the World Bank and United Nations agencies.

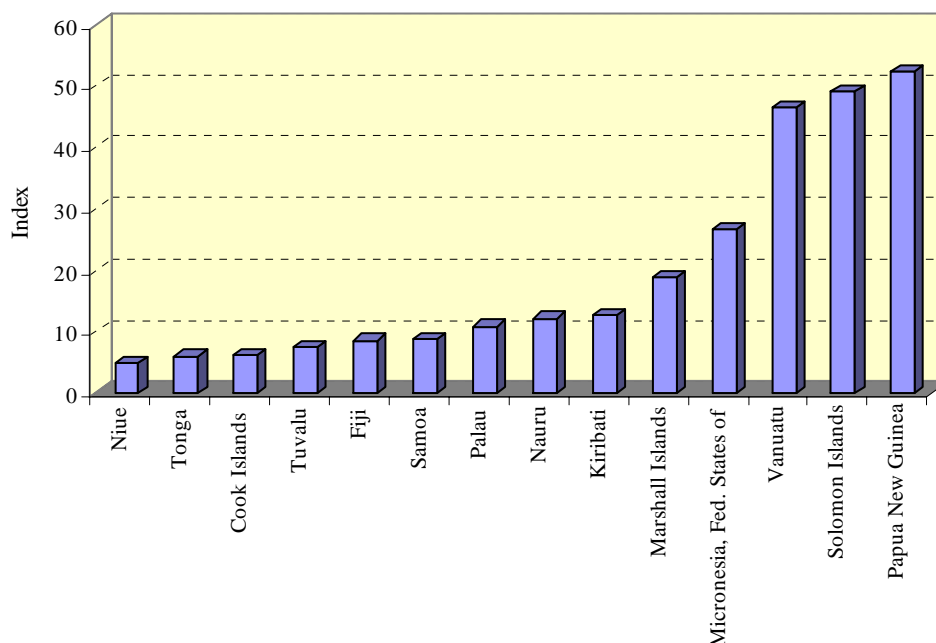
The human poverty index, which captures deprivation in three basic dimensions of human development, namely, longevity, knowledge and standard of living, shows a mixed picture for Pacific island countries, with some countries, especially the smaller ones, doing much better than the larger ones, such as Papua New Guinea, Solomon Islands and Vanuatu (figure I). Another study on the Millennium Development Goals in the Pacific (ADB, 2003) also gives a mixed picture, with some countries making significant progress in some areas and others struggling to promote human development.

Poverty alleviation is now central to the agenda of many Governments in the subregion

Partnerships with international and civil society bodies and the private sector will be crucial in alleviating poverty

The human poverty index shows a mixed picture in the Pacific

Figure I. Human poverty index in selected Pacific island economies



Source: UNDP, *Pacific Human Development Report 1999: Creating Opportunities* (Suva, Quality Press, 1999).

Notes: The human poverty index is a composite index measuring deprivations in the three basic dimensions captured in the human development index: longevity, knowledge and standard of living. The higher the index number, the greater the composite poverty.

The ADB study notes that several countries have already achieved some targets, such as universal primary education or the elimination of gender disparities in education. However, many are finding it difficult to provide efficient and equitable access to basic social services and an environment conducive to private sector development. The report also notes signs of emerging pockets of poverty in some of the countries (figure II).⁹

The incidence of poverty is increasing in Fiji but social indicators have been improving

The *Fiji Poverty Report* notes that in 1991, 25 per cent of households were below the poverty line while another 15 per cent were vulnerable to poverty (UNDP, 1997a). Fiji's Poverty Task Force has estimated that poverty incidence increased to between 33 and 50 per cent in 2002 and new pockets of poverty, such as urban squatter settlements, are emerging. The non-renewal of sugar-cane leases held by Indo-Fijians has resulted in the eviction of several farmers. At the same time, the stagnant labour market has not provided any alternative to the displaced families and several new

⁹ The report covers 12 Pacific island countries. Although recent work by ADB and others has contributed to a better understanding of the poverty levels in Pacific island countries, the lack of data continues to be a big constraint in determining the extent of poverty in most of these countries. Work done by ADB shows that there are significant disparities in income, as well as in access to services such as education and health, particularly between rural and urban areas and there are even significant inter-island variations in most of these countries.

Figure II. Review of poverty of opportunity indicators in selected Pacific island countries

Millennium Development Goals	Fiji	Papua New Guinea	Samoa	Solomon Islands	Tonga	Vanuatu
Goal 1	Poverty has increased to possibly 33-50 per cent	Poverty has worsened in the last five years	No extreme poverty or hunger but pockets of hardship exist	Poverty situation expected to worsen	No poverty line established and no inequality measures available	Hardship worsened in the last five years and high household income inequalities exist between urban and rural areas
Goal 2	Achieved primary school enrolment but low retention in secondary schools	Low enrolment rates in primary schools	Universal primary education achieved	Low enrolment rates for primary schools	High enrolment rates for primary schools	Improvement in primary school enrolment
Goal 3	Gender equality almost achieved in primary and secondary education	Slight improvement in female primary and secondary school enrolment rates	Gender equality achieved in enrolment ratio for primary and secondary schools	Gender gap has narrowed in school enrolment	Gender equity in education and literacy rates achieved	Improving gender disparity in education
Goal 4	Child mortality rates have decreased	Slight improvement in infant mortality rate from 83 per 1,000 live births in 1990 to 58 in 2001	Child mortality rates have declined	Decrease in under-five mortality rates and infant mortality decreased from 29 to 22 in 2001	Decreasing child mortality rates	Improvement in under-five and infant mortality rates
Goal 5	Maternal mortality rates almost doubled between 1995 and 1998	Maternal mortality rates more than doubled between 1995 and 1998	Maternal mortality rates increased between 1995 and 2002	Maternal mortality rates doubled between 1995 and 1999	Maternal mortality rate remains high in rural areas	Maternal mortality rates increased from 32 in 1995 to 68 in 1995
Goal 6	Non-communicable diseases are major causes of morbidity and mortality	Threat of an HIV/AIDS epidemic but contraceptive prevalence has improved significantly	Contraceptive prevalence rate higher but increasing lifestyle diseases	Communicable diseases remain the main cause of morbidity and also increase in lifestyle diseases	Low level of contraceptive use and rising levels of non-communicable diseases	Non-communicable diseases have become main causes of morbidity and mortality
Goal 7	Less than 50 per cent of population have access to safe water and sanitation	Low access to safe drinking water but increase in access to sanitation in urban areas	Improvement in access to safe water and sanitation	Slight increase in access to safe drinking water and sanitation	High level of access to safe drinking water and improved access to sanitation	Fifty per cent of population have access to safe drinking water and sanitation

Source: Adapted from ADB, Millennium Development Goals in the Pacific: Relevance and Progress (Manila, Asian Development Bank, 2003).

squatter settlements have appeared around the sugar-cane districts as a consequence. In recognition of the seriousness of the poverty problem, the Government of Fiji allocated F\$ 101 million and F\$ 157 million for poverty alleviation in the 2001 and 2002 budgets respectively. In addition, the income tax-free threshold was increased from F\$ 6,500 to F\$ 7,500. In the provision and extension of education and health services to the community at large, including the poor, Fiji has continued to perform well. Literacy rates are now at 93 per cent on average and 100 per cent among young adults. Gender equity is improving, with increasing participation of women in tertiary education and in the skilled workforce. Life expectancy continues to improve and is now 69 years. Infant mortality rates have declined to just 18 deaths per 1,000 live births, compared with 25 a decade ago. Half the population has access to safe water supplies while access to sanitation is reported at 75 per cent in urban areas.

Poverty is on the rise in Papua New Guinea, where the standard of social services has been falling

Papua New Guinea is experiencing a rapid increase in the incidence of poverty, which seems to have worsened in the last five years. There have been relatively sharp falls in GDP per capita since the mid-1990s but government expenditure as a share of GDP has been steady against the backdrop of relatively poor economic performance. This implies a lower level of public spending per head of population. There has been some deterioration in the standard of government services, especially in those extended to rural areas, and in infrastructure and the maintenance of law and order. The last two factors are essential for farmers to gain access to markets and such access has been a matter of significant concern to highland coffee growers; some half a million people, or 10 per cent of the total population, in Papua New Guinea depend on coffee for their incomes. A compounding difficulty for them was the recent slump in the world coffee market, leaving many farmers with little choice but to revert to a subsistence lifestyle.

Without access to sufficient cash incomes, rural farmers in Papua New Guinea will be constrained in their access to health care and education services. However, the decline in government resources committed to health and education in per capita terms has, to some extent, been offset by services provided by non-governmental organizations, churches and other civil society organizations. Nevertheless, the falling standard of living in rural areas in Papua New Guinea, especially in the coffee-growing regions, will be likely to increase the rate of rural-to-urban migration, thus fuelling urban unemployment and other social and infrastructure problems. Indeed, Papua New Guinea's quality of life indicators are comparatively low and have not improved noticeably over the last decade. The infant mortality rate of 79 per 1,000 live births has not changed in a decade and is the highest among the Pacific island countries, while life expectancy, at just 59 years, has improved but is still the lowest in the region. One third of the adult population is illiterate; this situation is improving only gradually, with one quarter of those aged 15-24 still not literate. There is a high degree of gender inequality in education and the female-to-male enrolment ratio in primary schools stands at just 0.86. Prostitution and the rapid increase in HIV/AIDS are becoming serious health problems in the country and urgent measures are needed to address them.

Solomon Islands appears to be lagging behind in meeting the Millennium Development Goals by 2015 (ADB, 2003). There are indicators that the poverty situation has been exacerbated by the civil unrest in the country. With a population growth rate of just over 3 per cent a year, Solomon Islands will see a doubling of its population in a little over two decades. The rapid population growth has put severe strains on cultivable land and forestry resources and has partly contributed to the eruption of violence and civil unrest experienced by the country in 1999. Government services have diminished with the provision of very basic services often being confined to the immediate periphery of the urban centres. The budgetary position of the State is such that meeting the salary costs of public servants is becoming increasingly difficult and this has had obvious consequences for both access to, and provision of, social services such as health care and education.

Civil unrest appears to have exacerbated the poverty situation in Solomon Islands

Solomon Islands made considerable progress in health services in the 1990s but the recent civil unrest is likely to have had an adverse impact on the maintenance of improved health standards. Evidence of this and of the decline in education services will, however, appear with a lag in terms of the relevant indicators. The infant mortality rate had fallen to just 21 per 1,000 live births by 2000 and life expectancy had reached 69 years, which is impressive in view of Solomon Islands' level of economic development. There was much less success in education, with a completion rate for primary school education of only about 80 per cent; many of those who failed to enrol in school were female. Although the enrolment rate at the primary level was quite good, many children do not go beyond this level. Over two thirds of the population had access to safe drinking water but only a third to sanitation facilities. The adult literacy rate stood at 77 per cent in 2002.

Vanuatu has considerable potential for sustaining poverty reduction efforts if the structural adjustment being put in place with the financial support of ADB begins to deliver economic returns soon. Vanuatu's progress towards achieving the Millennium Development Goals has been slow or stagnant (ADB, 2003). Income disparities are rising and this is of concern to the Government, as aggregate income contracted in the last two years and the population expanded at 3 per cent a year. Across all households, the income of the highest quartile was 4.6 times that of the lowest. The difference was even greater in urban areas, and in Port Vila the income of the top quartile was almost 52 times that of the bottom quartile. Large-scale rural-urban migration has meant that the population of Port Vila and Luganville, the two major urban centres, is growing in excess of 4 per cent a year. The rising number of unemployed youth in urban areas is posing a threat to peace, social stability and the crime-free image of the country. If conditions worsen, this could have adverse effects on the tourism industry, on which Vanuatu's future economic growth is heavily dependent.

Income disparities are on the rise in Vanuatu

Life expectancy in Vanuatu, at 68 years, reflects the success of past programmes to improve health standards, but much work remains to be done in extending health services to poor and remote communities and in improving immunization and post-natal care. At 35 per 1,000 live births, the infant mortality rate was high compared with other Pacific countries

but significant progress has been made in reducing it. In 1990, for example, the rate was 52 per 1,000 live births. The level of education in the country is improving, with close to universal enrolment in primary school. Considerable achievements have also been made in ensuring equity in education, and gender representation in primary and secondary school is now nearly equal.

Reforms in Samoa appear to have paid off as extreme poverty and hunger are absent

Samoa is said to be free of extreme poverty and hunger. An effective reform programme, which resulted in positive economic growth in recent years, along with the strong culture of redistribution within the extended family system, contributed to this outcome. In particular, the country has been successful in extending services to the community at large and this is reflected across the spectrum of poverty indicators. The adult literacy rate of 80 per cent is second only to that of Fiji and there is gender equity in primary and secondary education. The infant mortality rate is now well below the average of developing countries, at 21 per 1,000 live births, less than half the rate a decade earlier. Life expectancy has reached 69 years, access to safe drinking water is almost universal and sanitation standards are high. However, a recent ADB study reveals that some Samoans are living in difficult conditions and others are facing real hardship, which appears to have increased in recent years in both rural and urban areas, creating pockets of poverty (ADB, 2002). Those most affected include the jobless, the disabled, single mothers, the homeless, the landless and the unskilled, while the most vulnerable are children, youth and women.

Tonga has made consistent efforts to provide universal access to basic services

A poverty line has not yet been established for Tonga and measures of inequality are not available. As in many other Pacific island countries, however, there is a strong culture of redistribution in the country that helps to prevent extreme poverty. The general standard of living is enhanced through inward remittances from the large number of Tongans working and living abroad. In fact, Tonga is one of the few Pacific island countries that has achieved or nearly achieved several of the targets specified in the Millennium Development Goals (ADB, 2003). Tonga has made consistent efforts to provide universal access to basic services, particularly in health and education. The infant mortality rate is among the lowest in the Pacific island subregion, at 17 per 1,000 live births. The incidence of malaria, tuberculosis and HIV/AIDS is also low. Life expectancy in Tonga has risen to 71 years and is the highest in the Pacific. There is close to universal education, with the high standards of education providing the basis for emigration and subsequent remittances from abroad. There is virtually universal access to safe drinking water. However, in common with many other Pacific island countries, Tonga is particularly vulnerable to natural disasters, ranking third among developing countries on the vulnerability index. There has been some concern in recent years over the rising inequality in Tonga, as rapid urbanization has led to the emergence of shantytowns and urban unemployment while affluence on the main island relative to the outer islands has increased.

Policy issues, implications and options

Pacific societies are justly proud of their culture and, in particular, the strong culture of redistribution that exists within the extended family system, with the result that many have trouble accepting that poverty exists in their midst. Nevertheless, recent studies have clearly shown that poverty exists and, in some cases, may be getting worse, although its incidence, depth and severity vary greatly between countries. Poverty is on the rise owing to two decades of weak economic performance and slow job creation in the face of fairly rapid population growth and urban drift, growing inequalities and declining public services. These in turn have had an impact on traditional support systems, which are under strain and are slowly breaking down. Furthermore, the subsistence sector, which has played an important role in sustaining livelihoods in the Pacific island economies in the past, is no longer sufficient to ensure adequate health and education or improved life expectancy in these countries in the long term. Pacific island countries are also facing new and emerging social issues, such as prostitution and the rapid spread of HIV/AIDS.

Several Asian countries have been successful in reducing their poverty levels in recent years and Pacific island countries can learn from their experience. One of the important factors responsible for poverty reduction in Asia has been sustained economic growth, an area where Pacific island countries have not been notably successful so far. In the Pacific island context, economic growth depends on overcoming socio-economic vulnerability, ensuring political stability and good governance, developing capacity and skills, controlling population growth and developing physical and financial infrastructure.

Good governance and accountability are important ingredients for sustained economic growth. This is all the more so in the Pacific, given the severe resource constraints faced by these countries, on the one hand, and the traditional system of patronage, on the other. Good governance will require rationalizing the roles of the private and public sectors, strengthening national leadership through representative and independent institutions, increasing and enhancing opportunities for government/civil society partnership and improving the delivery of social services. An important part of the process is to engage vulnerable groups, such as the poor, the disabled and women, in the decision-making process so that they can play a proper role in formulating the programmes and policies that are implemented for their benefit.

Many Pacific island countries have been working closely with international and multilateral organizations in reforming their economies to address some of these issues, especially in trying to revive their economies, with countries like Samoa reaping benefits from such reforms with improved growth performance in recent years. However, efforts towards economic growth need to be balanced with measures to increase social capital formation. The work already done by international bodies such as ADB has raised awareness of increasing poverty levels in Pacific island

The subsistence economy is no longer sufficient if social goals are to be met in the Pacific

The centrality of good governance and accountability to economic and social development cannot be ignored

Translating national strategies into targeted anti-poverty measures is the challenge facing many Pacific island countries

countries, which has enabled some of these countries to incorporate national poverty reduction strategies into their national development strategies. The challenge for Pacific island countries is to translate these national strategies into concrete, targeted anti-poverty measures while at the same time maintaining macroeconomic stability, developing infrastructure and human resources and ensuring that credit is readily available to the private sector, including the poor.

Greater coordination of poverty reduction activities between donors and between donors and recipients is also necessary so that such assistance is not duplicated and implementation does not become a major burden for these small countries.

***Collaborative efforts
between Governments
and donors are needed
to improve poverty
data***

It is also clear that Pacific island countries must first understand poverty and related issues, as well as the changes that are taking place in their social fabric, before they can formulate appropriate policy responses. An important requirement for this is the availability of reliable data. Lack of reliable data on human development indicators continues to be a major constraint in determining the extent and true nature of poverty in the Pacific island countries. Collaborative efforts between the Governments and donors, directed at improving the design and collection of data, ought to build on the good work already done by the Governments of the Pacific island countries themselves, with the assistance of international organizations such as ADB.

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