Evaluation of Fiji, Solomon Islands, and Vanuatu’s Social Protection Policies post 2008 Global Economic Crisis (GEC)

ABSTRACT

Asian Development Bank (ADB) (2010) estimates that more than 70 million people in the Asian and Pacific region would have escaped the $2-a-day poverty threshold in 2009 if growth rates had remained at the 2007 levels. However, the global economic crisis (GEC) in the late 2008 and again the second stage of crisis in 2011, has had negative impacts at both the macro and micro economic levels (ESCAP, 2012). ADB (2010) highlighted that such macro events have led to devastating short-term and long-lasting impacts on poor families and those who have been pushed into poverty as a result of the GEC. In response to the threats posed by the global economic crisis, there have been calls for increased and improved social protection policies at the global, regional and national level and the respective governments to play a leading role in the initiation of such policies.

This research paper provides an overview of the social protection system within the case studied countries Fiji, Solomon Islands, and Vanuatu and evaluates whether these countries have progressed with their social protection policies to promote inclusive growth. In the 2010 “Pacific Conference on the Human Face of the GEC” attended by the PICs heads of states, the limited formal social protection systems in most PICs was critically discussed. It was highlighted that there is a need to re-evaluate the existing social protection programmes and initiate new programmes in PICs; better targeting the vulnerable groups. Hence, the need for PICs policymakers to understand the impacts of the GEC on their respective communities and clearly devise corrective social protection policy measures to mitigate the effects of such global downturns.

1.0 INTRODUCTION

> "*In terms of crises ...the most and worst impacted...are some of the UN recognized vulnerable groups, the least developed countries and the small island developing states*." Tuila'epa Sailele Malielegaoi, Prime Minister of Samoa (ESCAP, 2012)

This paper is aimed at examining the social protection policies implemented in three Pacific Island Melanesian Countries including Fiji, Solomon Islands and Vanuatu following the global financial crisis in 2008. At the outset, the paper will primarily provide the conceptual underpinnings of social protection. Following the provision of the conceptual underpinnings, it will provide rationalization to improve social protection policies as a result of the global financial crisis. Furthermore, the paper will elucidate the status and the different social protection policies currently implemented in the three countries. The last section will provide concluding remarks and recommendations reinforcing suggestions earlier made by researchers and major multilateral organizations such as the United Nations (UN), World Bank, Asian Development Bank (ADB), and the Australian Agency for International Development (AusAID).

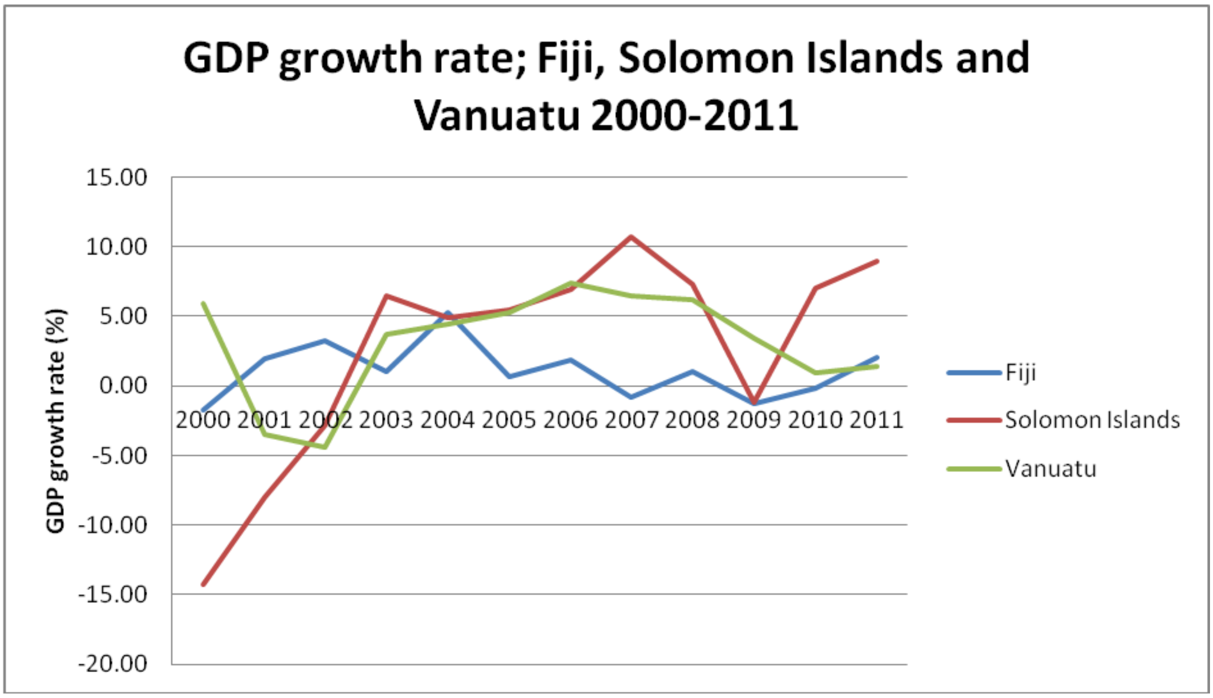
Fiji, Solomon Islands and Vanuatu have some common and varying social and economic features. They are amidst the bigger geographical countries in the South Pacific region and rich in natural resources. The three countries have been experiencing sluggish economic growth over the past 10 years (see Figure 1) due to political instability and this is further exacerbated by the global financial crisis that has brought about a rise in food and fuel prices. These countries do not have sufficient social protection policies or mechanisms or social safety nets to lessen the impacts of such shocks on the vulnerable groups including persons surviving below the basic necessity poverty threshold, women, children, elderly and persons living with disabilities. Table 1below depicting the total dependency ratio in each of the three countries studied, showing a high dependency ratio on the economically active and productive part of the population to maintain upbringing and pensions for the dependents.

Table 1. Total dependency ratio (%)

Country/Year	**2000**	**2005**	**2010**	**2030**	**2050**
Fiji	60.2	58.9	55.9	51.1	49.8
Solomon Islands	81.6	77.0	71.8	52.8	48.4
Vanuatu	83.4	76.6	71.2	55.7	49.8

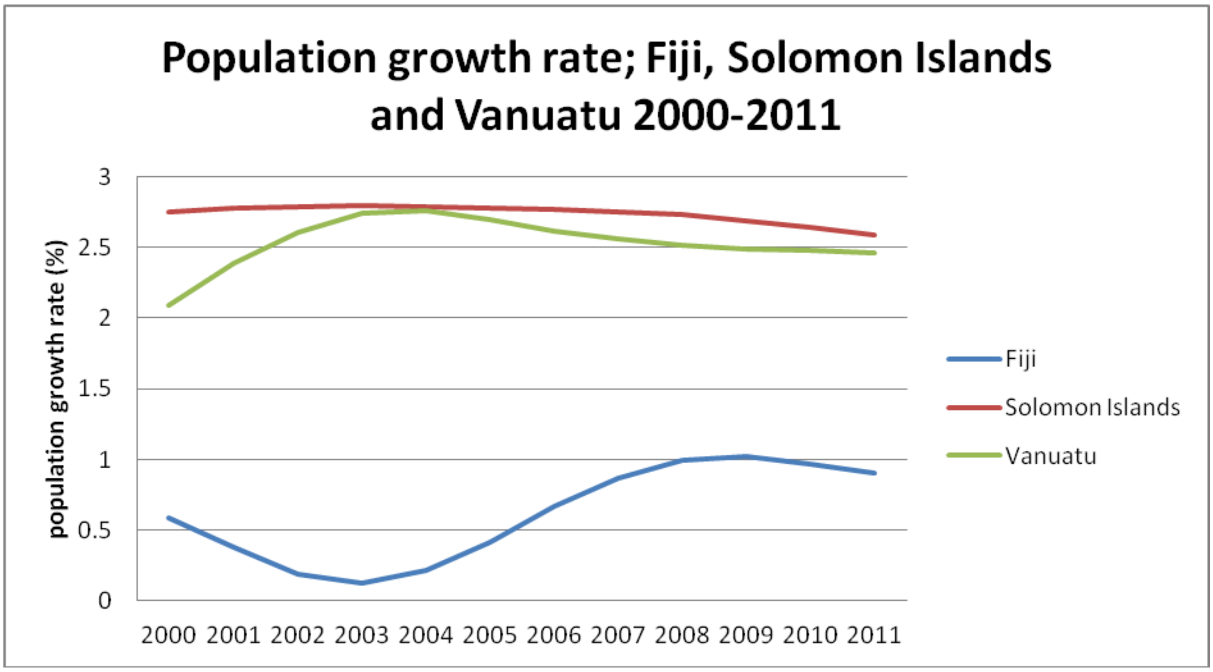
Source: ILO (2010)

Figure 1 GDP growth rates: Fiji, Solomon Islands and Vanuatu 2000-2011



Source: World Bank database retrieved at http://databank.worldbank.org/data/home.aspx

Figure 2 Population growth rate: Fiji, Solomon Islands and Vanuatu 2000-2011



Source: World Bank database retrieved at http://databank.worldbank.org/data/home.aspx

2.0 SOCIAL PROTECTION – CONCEPTUAL UNDERPINNINGS

The terms social protection, social security, social insurance, social pensions and social safety nets are normally used interchangeably in the Pacific Island Countries. This section provides an overview of the varied understandings of the term 'social protection' and provides an overview of the literature developed by the leading multi-lateral organisations.
Social protection is generally understood as a set of policies and programmes "describing public actions taken in response to levels of vulnerability, risk, deprivation which are deemed socially unacceptable within a given polity or society" (Barrientos and Hulme, 2008, p. 5). Therefore, it is what a society collectively does to protect its weakest members in order to meet the social needs of all.

Social protection falls into the ambit of social policies and in the Global Social Summit (1995) the Copenhagen Declaration and Programme of Action established ten commitments, of which Commitment 2 called for the "formulation or strengthening of national policies and strategies to reduce inequalities and eradicate absolute poverty by a target date to be set by each country" (World Bank 2001, p. 3). At the national level, governments were to develop and implement policies "to ensure that all people have adequate economic and social protection during unemployment, ill health, maternity, child rearing, widowhood, disability, and old age" (*ibid*).

Baulch et al. (2006) in their formulation of ADB's Social Protection Index (SPI) adopted the ADB's narrow definition of social protection to include:

> "…*the set of policies designed to reduce poverty and vulnerability by promoting efficient labour markets, diminishing people's exposure to risks, and enhancing their capacity to protect themselves against hazards and the interruptions/loss of income*."

The World Bank (2001, p. 9) redefined social protection as "public interventions that assist individuals, households, and communities to manage risk better and that provide support to the critically poor". Barrientos and Hulme (2008) explain that the World Bank conceptualises social protection as 'social risk management', moving away from the traditional framework[1] which the World Bank (2001) terms as a "narrow conceptualisation" and "adding the goals of macroeconomic stability and financial market development" (Barrientos and Hulme, 2008, p.

[1] The World Bank (2001, p.9) referred to traditional social protection as "defined by program components, consisting of labour market interventions (including child labour), social insurance (including pensions), and social safety nets (including social funds).

6). The World Bank (2001) emphasises social risk management as "all individuals, households, and communities are exposed to multiple risks from different sources[2]" and it is poor people who are the most vulnerable to such risks and would have little access to appropriate risk management instruments and opportunities. This recognises risk and vulnerability as one of the major drivers of poverty (World Bank, 2010). As such social risk management extends well beyond social protection, recommending a holistic approach in devising interventions that assist individuals, households, and communities not only cope with the risks to which they are exposed, but also focus on risk mitigation and prevention strategies. Therefore, recognising that reducing the likelihood of risks and vulnerability is essential for continued economic growth and development (Barrientos and Hulme, 2008).

The World Bank (2010, p. 1) issued their '2012-2022 Social Protection and Labor Strategy' describing social protection and labor systems (SPL) as: "policies and programs that help individuals and societies manage risk and volatility and protect them from poverty and destitution—through instruments that improve resilience, equity, and opportunity". The World Bank (2010) recognised that social protection and labor policies and programs can be broadly transformative, providing a foundation for inclusive growth and social stability. Such policies and programs help create opportunities essential to saving lives, reducing poverty, and promoting inclusive growth.

The World Bank (2010) SPL has three intertwined goals: resilience, equity and opportunity. Resilience refers to strengthening the vulnerable against a range of shocks through social insurance programs[3] minimising the negative impact of such shocks. Equity refers to providing equal opportunities for the poor and protecting against destitution, through social assistance programs. Opportunity refers to equal opportunity for all, promoting human capital in children and adults and connecting men and women to more productive employment. The World Bank (2010) emphasizes that these goals can only be achieved through collaboration among a mix of public and private actors, working across multiple sectors.

The United Nations (UN) recognises the importance of social protection for all and in 2009 established the Social Protection Floor Initiative (SPFI), leading to the creation of the Social

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[2] Such multiple risks may be "natural (such as earthquakes, floods, and illness) or manmade (such as discriminatory practices, unemployment, environmental degradation, and war)" (World Bank, 2001, p. 9).

[3] The World Bank (2010) refers to unemployment and disability insurance, old age pensions, crop and weather insurance, health insurance, among others.

Protection Floor Advisory Group[4]. The SPFI is a UN joint initiative with the International Labour Organisation (ILO) and the World Health Organisation (WHO), including UN agencies and international financial institutions. The joint initiative was established with the purpose to assist coping with the effects of the global economic crisis.

ILO (2011) reported that in February 2011, the UN Secretary-General, Ban Ki-moon, reiterated that the multilateral system should work together under a common policy approach – the social protection floor – to promote a very clear outcome: "no one should live below a certain income level, and everyone should have access to essential public services such as water and sanitation, health and education"[5]. Hence, the ILO has been the leading agency in developing the SPFI, especially in extending protection in developing economies promoting an integrated set of social policies designed to guarantee income security and access to essential social services for all, with particular attention to vulnerable groups.

ILO (2011) introduces the concept of social protection floor as a two-dimensional strategy for the extension of social security. Firstly, provision of a basic set of social guarantees for all (horizontal dimension) and secondly, with a gradual implementation of higher standards in line with the ILO's Social Security Convention, 1952 (vertical dimension), as countries develop fiscal and policy space. Therefore the ILO SPFI (ILO, 2011, p. 23) includes guarantees of:

- "basic income security, in the form of social transfers (in cash or in kind), such as pensions for the elderly and persons with disabilities, child benefits, income support benefits and/or employment guarantees and services for the unemployed and working poor.
- universal access to essential affordable social services in the areas of health, water and sanitation, education, food security, housing, and others defined according to national priorities."

The SPFI is a UN system wide effort to promote common priorities and solutions, to ensure basic social guarantees for all[6]. Hence, ILO has led the adaptation of social protection floors in developing countries in line with country specific circumstances. ILO recognises that social protection floor is not the "magic solution to the world's social problems, but a wide

[4] The Social Protection Floor Advisory Group has been created to enhance global advocacy activities and to further elaborate the conceptual policy aspects of the approach.

[6] http://www.ilo.org/public/english/protection/spfag/

range of experiences from all over the world suggests that countries can move faster in reducing poverty and social exclusion if these issues are addressed in a coherent and consistent way, starting by extending horizontally access to essential social services and income security” (ILO, 2011, p. 24).

ILO (2011) reports that countries that have implemented the main elements and practical aspects of the SPFI into their national social protection systems, in middle to low income countries have shown strong indications in reduction in poverty and inequality. It is reported that modest cash transfer programmes for older people and children have potential to close the poverty gap significantly (ILO, 2011, p. 25). Therefore, ILO recommends the two-dimensional strategy whereby developing countries put in place measures representing a solid floor (horizontal dimension) and then take the next step of developing the vertical dimension of social protection.

The UN believes that establishing and operating a basic social protection floor in any country can be kept within a relatively modest percentage of national income, even in resource-constrained countries (ILO, 2011). However, the extent of the resources devoted to a country’s social protection system remains a country specific choice, which is driven by a country’s political, and policy environment rather than its level of economic development (ibid).

3.0 GLOBAL ECONOMIC CRISES AND THE NEED FOR IMPROVED SOCIAL PROTECTION

Asian Development Bank (2010) estimates that more than 70 million people in the region would have escaped the $2-a-day poverty threshold in 2009 if growth rates had remained at 2007 levels. However, the global economic crisis in late 2008 has had negative impacts at both the macro and micro economic levels. ESCAP (2012) reported that the 2008-2009 global financial crisis was a “V-shaped recovery” with the world economy entering the second stage of crisis in 2011[7]. ADB (2010) highlighted that such macro events have led to devastating short-term and long-lasting impacts on poor families and those who have been pushed into poverty as a result of the crises. Thus, recognising the threats posed by such

[7] As forewarned by ESCAP (2012), the developed economies of the world remain mired in the economic crisis that erupted in 2008. While there was a spurt of optimism in early 2011 that the worst was over, premature fiscal tightening, particularly in developed economies, stalled the recovery. More fundamentally, slow growth in developed economies will directly affect Asia-Pacific through slackening demand in the developed world for its exports.

macro events, there have been high-level calls for social protection policies to be initiated by national governments as a response to the crises.

Similarly, Barrientos and Hulme (2008) suggest that the key drivers for improved social protection are:

> "…the impact of crises and adjustment on poverty and vulnerability together with the ineffectiveness of short term discretionary safety nets; the growing awareness that a globalised world implies large costs associated with not having social protection; and, the international focus on poverty reduction that brought about the Millennium Development Goals (MDGs)."

ESCAP (2013) economic and social survey of Asia and the Pacific revealed that economic insecurity in the Asia Pacific region has risen amongst rapid growth, spurring increases in greenhouse gas emissions and over exploitation of natural resources. It was reported that "more than 1 billion workers in the region are in vulnerable employment – characterized by low wages, no benefits, no job security and difficult conditions of work that undermine workers' fundamental rights…more than 900 million people in the region live just at the edge of extreme poverty on an income of between $1.25-a-day and $2-a-day, with the risk of a small shock or personal misfortune pushing them into extreme poverty in the absence of a comprehensive social protection floor" (p. vii).

Developing Pacific Island Countries (PICs) are most susceptible to the effects of global shocks. Such PICs face impediments to "economic growth in the region; narrow natural resource bases; limited infrastructure, particularly in rural areas; small domestic markets; isolation from international markets; and heavy dependence on fuel imports" (AusAID, 2012). Similarly, PICs are particularly vulnerable to economic shocks given that PICs are "…open economies, embedded in global markets with relationships characterised by imports of foodstuffs and other necessities, and exports of agricultural products, labour and tourism earnings" (ibid). ESCAP (2012) reported that almost all the economies in the Pacific region experienced higher inflation rates in 2011 as compared to 2010, which from a socio-economic standpoint, has disproportionately affected low-income families and widened the income gap.

The ESCAP (2012) reported that PICs are generally facing difficulties in generating sustainable economic growth given their small populations and remoteness from their more

developed trading partners and the increased periodic effects of natural disasters. Many of the PICs are dependent on exports of primary products and tourism, hence "maintaining the competitiveness of their exchange rate is vital and more critical in the current economic environment".

ADB (2010) has identified that developing PICs are at risk from such economic recessions and commodity price shocks (for example, the rising food and oil prices in 2008). These are known as "covariate risks," as they tend to affect everyone in a particular community or region. The developing PICs are at a disadvantage as noted by the ADB (2010) due to the absence of adequate coping mechanisms. As a result, it is estimated that an additional 50,000 people in the region will be living below the poverty by the end of 2010 (ADB 2010).

The following table sourced from ESCAP (2013, p. 94) reveals the rates of economic growth and inflation in selected economies in the Pacific from 2011-2013.

Table 2. Rates of economic growth and inflation in selected economies in the Pacific, 2011-2013

	Real GDP Growth			**Inflation**		
Pacific island developing economies	**2011**	**2012**	**2013**	**2011**	**2012**	**2013**
Cook Islands	3.4	3.3	3.0	0.6	2.8	3.0
Fiji	1.9	2.5	2.7	7.7	3.5	3.0
Kiribati	3.0	3.0	3.5	7.7	-1.8	3.0
Marshall Islands	5.0	1.9	2.3	9.5	5.7	4.5
Micronesia	1.4	1.4	1.0	7.9	5.6	4.5
Nauru	4.0	4.9	8.0	-3.5	-0.5	0.5
Palau	5.8	4.0	3.0	2.1	6.0	5.5
Papua New Guinea	11.1	9.2	4.0	8.5	4.1	8.0
Samoa	2.1	1.2	0.9	2.9	2.1	1.4
Solomon Islands	10.6	5.5	4.0	7.4	5.9	4.5
Tonga	2.9	0.8	0.5	6.2	1.2	2.7
Tuvalu	1.0	1.2	1.3	0.5	1.4	2.0
Vanuatu	4.3	2.0	3.2	0.8	1.4	2.5

Source: ESCAP (2013, p. 94)

There has been persistent inflation across South Pacific countries this is substantially influenced by global factors, particularly global food and oil prices and foreign capital inflows (ESCAP, 2012). ESCAP (2013) reported that owing to slower economic growth and relatively lower global prices of food and energy, inflation in a number of Pacific economies (as indicated in Table 2) has slowed in 2012.

Effects of the global economic crisis has not only resulted in high food and oil prices but also

led to a decrease in remittances to the Pacific region. For a large proportion of households in the Pacific, remittance is an important source of livelihood (World Bank, 2006).Such a reduction in remittances has imposed hardships in both remittance sending and receiving countries (ADB 2010). An example, in Tuvalu and Kiribati many households have been negatively impacted by lower demand for seafarers, which has resulted in lower remittance levels (ADB, 2010, p. 319). Thus, from experiences from the global recessions that have impacted developed countries, it can be suggested that remittances are not a reliable source of social protection (AusAID, 2010). For the Kingdom of Tonga, as reported by ESCAP (2013, p. 95), remittances account for about 30% of GDP and due to the declining trend in remittances in recent years, the Kingdom has been unable to improve its economic growth since 2007.

ADB (2010) further highlights that those most exposed to the negative impacts of the recent global financial crisis are the vulnerable groups. Such classified as most vulnerable and exposed groups include the "working poor":

> "…people earning wages that are not sufficient to meet their basic needs; people working in industries that contracted during the global crisis, such as construction and tourism; households headed by elderly and single parents with low income; and households that receive remittances." (ADB 2010, p.320)

AusAID (2010a) noted that the impact was different between and within countries, with households broadly falling into three categories:

> "Those who were substantially worse off, such as urban dwellers who rely mainly on purchased food-stuffs and the inhabitants of Polynesia and the atoll micro-states who are more dependent on imported food and have no significant food exports. Those who were substantially better off, such as some households in western Melanesia - PNG, Vanuatu and the Solomon Islands-who could export produce and benefit from higher prices. Those who were essentially unaffected, such as the poorest rural households who live outside the cash economy, and affluent households for whom food represents only a small proportion of their budget."

In the 2010 "Pacific Conference on the Human Face of the Global Economic Crises (GEC)"[8] attended by PICs Heads of States , and hosted by the Vanuatu government, the impact of the

[8] http://www.unicef.org/pacificislands/GEC_Report.pdf

crises was summarised as follows:

> "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."

It was further reported that in the Pacific region

> "…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."

ADB (2010a) emphasized the need for formal risk coping mechanisms to be established in such developing countries, apart from the informal support that may be found in such developing PICs. It is argued that in the absence of formal risk coping mechanisms vulnerable groups will be forced into poverty-entrenching support mechanisms which can persist for decades across generations. It is argued that enabling social protection systems will assist the poor and vulnerable with the ability to cope, which is a worthwhile investment potentially, generating high social and economic returns (AusAID, 2012) in the future.

In developing PICs it has been argued that even though there is generally an absence of formal social protection systems, there are traditional informal social protection systems within such societies. However, the recent 2008–2009 global food, fuel and financial crisis

has challenged such informal systems and highlighted the need for greater attention for national governments to develop and establish "…innovative social protection mechanisms that tackle chronic poverty, mitigate the impact of shocks, improve food security and overcome financial constraints to accessing social services" (AusAID, 2010a). This attention has been driven by the success of such mechanisms in other developing economies around the world, as highlighted by the leading multilateral organisations. In the 2010 Pacific GEC Conference the importance of developing a strong social policy framework for social protection was discussed, including the need for "…universal access to basic education and health services". It was recognised by the PICs heads of states that countries have to take ownership and leadership over their own development agenda, in order to tackle chronic poverty within the PICs.

Barrientos and Hulme (2008) outlined that in advanced industrial countries, social protection is constituted by a set of integrated institutions and programmes including social insurance, social assistance, and employment protection and promotion. However, in developing countries social protection has a strong focus on poverty reduction with emphasis on the poor and poorest. It relies to an increasing extent on income transfers combined with access to basic services and/or productive employment and asset building (*ibid*, 2008). In developing PICs it is common for social protection's core instruments to include regular and predictable cash or in-kind transfers to individuals and households, including instruments that improve people's access to education, healthcare, water, sanitation, and other vital services[9].

As highlighted in the 2010 GEC Conference the "global economic crisis has made achieving the MDGs more important than ever… to build societies more resilient to future crises, …generate inclusive economic growth, meet the needs of the most vulnerable, and put in place the policies which can make MDG progress sustainable." It was further highlighted that the GEC presents an opportunity to Pacific Island governments to re-evaluate their existing social protection programmes, initiate new programmes that better target the vulnerable groups in society. Ratuva (2010) highlighted that one of the biggest challenges for most PICs is the absence of effective social protection systems. Suggested measures 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-

[9] http://www.ausaid.gov.au/aidissues/foodsecurity/Documents/short-education-health.pdf

work programmes"[10].

Furthermore, the provision of financial services such as microfinance to low-income, poor and excluded people has enabled such groups to raise their income and living standards (AusAID, 2012). This consists of lending and recycling very small amounts of money for short periods of time, empowering the poor to account properly and independently and manage their livelihoods better. Non-governmental organisations have been the favoured institutional form for delivering these services to the grassroots assisting governments in poverty alleviation (ibid).

World Bank (2001) argues that social safety nets are most effective when established before a crisis hits, and not merely providing handouts after a shock has occurred. It is argued that once a crisis has occurred, it is very difficult to build political consensus on appropriate policies and establish the necessary institutional frameworks to implement them. However, country's must improve their social protection systems, establishing an integrated set of social policies benefiting vulnerable groups, guaranteeing such groups income security and universal access to social services (ILO, 2011). This promotes a fair and inclusive development, protecting and empowering people across the life cycle.

The next section will provide an overview of social protection policies and programmes in Fiji, Vanuatu and Solomon Islands since 2008 and how these three countries have re-evaluated their social protection systems after the 2008 global economic crisis.

4.0 SOCIAL PROTECTION POLICIES/PROGRAMMES IN FIJI, SOLOMON ISLANDS AND VANUATU: POST 2008 GLOBAL ECONOMIC CRISIS

4.1 FIJI

4.1.1 Background

In the crux of the Pacific Ocean lies Fiji comprising 330 islands under its Exclusive Economic Zone. The islands cover a total land mass of approximately 18,000 square kilometres overlapping the boarder amidst the Melanesia and Polynesia regions. Of these 330 islands approximately 100 islands are inhabited. According to the 2007 census result, Fiji's population was 837,271 and population growth rate is estimated to be growing at 0.6 per cent

[10] http://www.unescap.org/EDC/English/Commissions/E66/E66_INF7.pdf

per year. The increase is moderate due to declining fertility rate with high rate of emigration. Fiji's population is multiracial. Of the 837 271, approximately 57 per cent accounts for the iTaukei (indigenous Fijians) while approximately 37 per cent accounts for the Indo Fijians. The remaining 6 per cent accounts for the minorities including Chinese, Part Europeans and islanders from the South Pacific Island countries. The majority of the population are urban residences (51 per cent) reflecting high level of urban to rural movements.

In the Pacific region, Fiji can be regarded as the largest and one of the well developed economies. Fiji has a wealth of natural resources that contributes the most to the country's total gross domestic product. Fiji, apart from agriculture (mainly the production of sugar) that is usually known to be the backbone of Fiji's economy is also heavily reliant on the tourism industry. In terms of sectoral contributions, primary industries (agriculture and natural resources) contribute 70 per cent to total exports and 30 per cent to GDP.

4.1.2 Social Services and Policies

In the 2013 Budget Supplement, the Fiji government announced reforms implemented to its social protection programmes, in line with recommendations of the World Bank's Fiji Assessment of the Social Protection System (2011).

In 2013, as part of the reform agenda, the Poverty Benefit Scheme (PBS) replaced the Family Assistance Program (FAP) and the Food Voucher Programme (FVP). In the PBS a household will now receive $150 per month, inclusive of $30 food voucher[11]. This PBS will target the poorest 10% of the population[12] whereas in previous years the FAP and the FVP only targeted 3% of the population[13] (World Bank, 2011).

The FAP is the largest non-contributory cash transfer program in the Pacific island countries and benefits the elderly, the disabled, the chronically ill, and female headed households. The FAP and FVP have enabled the improvement of household diets, improving health of family members (Sibley, 2011). Furthermore, beneficiaries use the cash to pay for medical expenses, while families with children spend money on helping children gain an education (ibid).

[11] This is an improvement from the previous FAP where recipients received $60 cash transfer and $30 food voucher.
[12] An income threshold will be derived from the HIES data to target the 13,000 poor households.
[13] However, the FAS and FVP in 2012 had an allocation of $27.6 million (recurrent budget showed $23.5), whereas, the current PBS has only an allocation of $22.6 million in 2013.

Hence, with the PBS to replace the FAP, all FAP recipients' files will be recertified and only those that qualify will receive assistance under PBS's new criteria[14]. Conditions for the PBS include that able bodied individuals in the family undergo skills training to help graduate the family out of poverty, look for meaningful employment or engage in income generating projects[15].

In addition, to the PBS the Fiji government has introduced a Social Pension Scheme (SPS) in 2013 to target all elderly citizens aged 70 years and over, with an allowance of $30 per month with a budget of $3.2 million. This SPS will benefit 9,000 elderly citizens who are currently not receiving any pension or any source of income, or recipients of the PBS.

The table below outlines the Fiji Government's poverty alleviation projects 2008-2013.

Table 3. Fiji Government's Poverty Alleviation Projects 2008-2013

Poverty Alleviation Projects	2008	2009	2010	2011	2012	2013
Squatter Resettlement Programme	✓	✓	✓	✓	✓	✓
HART Support	✓	✓	✓	✓	✓	✓
Poverty Alleviation Projects	✓	✓	✓			
Family Assistance Scheme	✓	✓	✓	✓	✓	
Care & Protection Allowance	✓	✓	✓	✓	✓	✓
Women's Plan of Action	✓	✓	✓	✓	✓	✓
Capital Grant to Voluntary Organisations	✓	✓	✓	✓	✓	✓
Public Rental Board – Rental Subsidy	✓	✓				
Micro Finance	✓	✓				
Education – Remission of fees	✓					
Education – Building Grant	✓					
Compulsory Education	✓					
Tuition Fee Free Education Primary & Secondary	✓					
Multi-Ethic Scholarships	✓	✓	✓	✓	✓	✓
Farm Improvement & Land Resettlement	✓					
Rural Sporting Facilities	✓					
Students Loan Scheme	✓	✓	✓	✓	✓	✓
Fiji Development Bank (FDB) Interest Subsidy (Northern Division Projects)	✓	✓	✓	✓	✓	✓

[14] Payments will be made depending on the size of the household. Assistance maybe given to a maximum of four persons per household, compared to previously, where only one member of the household would be supported.
[15] The Ministry for Social Welfare will provide assistance for training.

FDB Subsidy for Fijians	✓					
FDB Subsidy Grants to All Citizens		✓	✓	✓	✓	✓
Northern Development Programme		✓	✓	✓	✓	✓
Poverty Relief Fund for Education		✓	✓			
Cottage Industry Development		✓	✓			
Food Voucher Program			✓	✓	✓	
Bus Fare Subsidy (Education)			✓	✓	✓	✓
Welfare Graduation Program			✓	✓	✓	✓
Housing Assistance				✓	✓	
Electricity Subsidy				✓	✓	✓
Sustainable Rural Housing Income Generating Project					✓	✓
National Employment Centre				✓	✓	✓
Integrated National Poverty Eradication Programme				✓	✓	✓
Concessionary Bus Fare for Senior Citizens & Disabled Persons				✓	✓	
National Housing Policy					✓	✓
Social Housing Policy					✓	✓
Poverty Benefit Scheme						✓
Social Pension Scheme						✓

Source: Fiji Budget Papers [http://www.finance.gov.fj/s/government-budget.html]

The provision of social services is mainly the responsibility of the government in Fiji and this is common in developing economies in the Pacific. Chand and Kausimae (2012, p. 35) noted that social policies in developing states have often concentrated on education and health as major priorities, with some attention given to the housing sector. The next section will also consider disability, elderly, women and children, together with social policies that have been implemented post 2008.

Education

Education remains one of the Fiji government's priority areas, with commitment from early childhood to tertiary level education (Fiji Budget Address, 2013). Hence, in Fiji's social protection and poverty alleviation initiatives, education schemes[16] are allocated financial resources to assist the vulnerable in Fiji's society and provide universal access to education. The following table show the financial resources allocated to education schemes from 2008-

[16] This includes funds allocated for primary and secondary education and tertiary scholarships.

2013 from the poverty alleviation budget. This is in addition to the budget provided to Fiji's Ministry of Education.

Table 4. Fiji government expenditure on education 2008-2013

Year	Education Scheme Allocation (FJ$ million)	Percentage of Total Poverty Alleviation Budget
2008	25.36	42.25%
2009	6.7	16.05%
2010	19.5	36%
2011	18.5	26.43%
2012	18.5	24.5%
2013	17.5	27.45%

In 2009, there was low allocation for education as it only included the tertiary scholarships (multi-ethnic and student loan scheme) and the poverty relief fund for education. In 2010, there was an inclusion of the Free Bus Fare Scheme for primary and secondary school students whose families earn less than FJD$15,000 a year. Fiji has progressed significantly in ensuring that there is universal primary education meeting the UN's MDG 2[17].

Health

The Fiji government in the 2013 budget address aimed for better access to health care with improvements to the public health care system. However, in the Ministry of Health's Strategic Plan 2011-2015 it highlighted that the government budget allocation for health has remained relatively constant despite the increasing demand and cost for healthcare. The government budget has allocated a proportion varied between 9 to 11% of its total yearly public expenditures on health care. Total government health expenditure since 1995 remains between 2.5% to 3.5% of gross domestic product (GDP). Fiji compared to other Pacific island countries has one of the lowest rates despite being more economically developed. It further noted that for the last decade government expenditure on health to date has never exceeded 4% of GDP[18].

Hence, in search for increased health financing, cost recovery strategies have been implemented by Fiji's Ministry of Health, with new schedule of fees for diagnostic and dental

[17] http://www.undp.org.fj/index.php?option=com_content&task=view&id=37&Itemid=74
[18] http://www.ilo.org/wcmsp5/groups/public/---ed_protect/---protrav/---ilo_aids/documents/legaldocument/wcms_175218.pdf

services and also inpatient hospital charges for paying patients is now in force in all public hospitals and health centres[19].

The Fiji government has never included any health programmes into its poverty alleviation projects (refer to Table 1) and it is recognised that this is delivered by the ministry's public health centres. ILO (2011) recommends the establishment of effective health financing systems ensuring access to needed health services of good quality.

Housing

The Fiji government in its 2013 budget address reported that it aims to ensure accessibility to affordable and quality housing for all its citizens; this is in line with the National Housing Policy (NHP) and Social Housing Policy (SHP) launched in 2011. The NHP outlines a concise strategic direction towards the development of the housing sector in Fiji. The SHP ensures Fiji citizens have access to decent and affordable homes. These two policies were established by the Fiji government recognising that "the global financial crisis has impacted on our most vulnerable citizens, particularly those in the middle to low income groups" (Fiji Prime Minister)[20]. Hence, such policies is in line with the government's commitment to ensure Housing Authority (HA) plays a key role in empowering Fiji citizens and promotes home ownership, especially in assisting the marginalized and those most at risk of losing their homes. As such the policy will assist home owners by either writing off their full loan amount remaining, partial loan write off and as a temporary measure, assist unemployed citizens by freezing the interest and fees on the loan balance for up to 12 months. The HA has strict criteria and conditions in place to ensure the social housing policy achieves its objectives and targets to assist middle and low income families around the country. Baselala (2012)[21] reported that a total of 170 Fijian families have benefited from the social housing policy nationwide by completely writing off their home loan accounts.

The following table shows the financial resources allocated to the housing sector from 2008-2013 from the poverty alleviation budget.

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[19] Refer to "Irava, W., Pellny, M. and Khan, I. 2012. "Costing of selected Health Facilities in Fiji", Fiji Ministry of Health, Fiji.

[20] http://new.fiji.gov.fj/index.php?option=com_content&view=article&id=3272:social-housing-policy-to-assist-home-owners&catid=71:press-releases&Itemid=155

[21] http://www.fijitimes.com/story.aspx?id=206378

Table 5. Fiji's Department of Social Welfare Housing Sector Allocation 2008-2013

Year	Housing Sector Allocation (FJ$ million)	Percentage of Total Poverty Alleviation Budget
2008	7.0	11.66%
2009	3.0	7.19%
2010	2.5	5.81%
2011	12.5	17.86%
2012	13.27	17.56%
2013	3.17	4.97%

With the introduction of the NHP in 2011, there was an injection of $10 million for housing assistance in 2011 and 2012. This $10 million is to assist families purchase their first home in a housing development project.

In 2012 and 2013, the government ventured into 'sustainable rural housing income generating project'. This project assists in the resettlement of squatter dwellers and engaging them in income generating agricultural activities in line with the SHP. This is in line with ILO (2011) recommendations, one of which is to empower individuals through entrepreneurship.

The NHP and SHP shows the Fiji government's commitment in ensuring affordable housing options to its citizens.

Disability

In 2008, Fiji launched its 'National Policy on Persons Living with Disabilities 2008-2018'. This policy promotes disability inclusiveness and covers equal employment opportunities in the public and private service; strategic development plan; youth employment and development. The policy also advocates the provision of social protection programmes, education, housing, health care, employment and vocational training amongst others, for people with disabilities to access.

However, in the Fiji government poverty alleviation projects 2008-2013 there is no specific funds set aside for people with disabilities, however, they are eligible to apply under the PBS. The Fiji government provides free bus services to people with disabilities, however, it must also be noted that most buses in Fiji are not disability friendly and often cannot assist those in wheelchairs. Hence, the need for bus companies in Fiji to consider implementing wheel chair lifts, providing easy access to those in wheel chairs.

The World Bank (2011) assessment in Fiji recommended an option of introducing a disability benefit specifically for the severely disabled, addressing their needs, however, there must be a proper assessment of disability to avoid rising fiscal costs.

Elderly

In 2011, Fiji launched its first ever elderly policy 'Fiji National Policy on Ageing 2011-2015'. The policy is concerned with the inclusion of older people in the community and family affairs, their health and welfare and the extent to which they can support themselves within the community.

The World Bank (2011) recommended for the old age social pension in Fiji, effectively creating the first pillar of the pension system in Fiji, which currently does not exist. Such a social pension system is argued to reduce poverty in the elderly especially since most informal sector workers do not have social insurance covers (e.g. FNPF).

Hence, in 2013 the Fiji government introduced a Social Pension Scheme (SPS) targeting poor elderly citizens aged 70 years and over, with an allowance of $30 per month with a budget of $3.2 million. This SPS will benefit 9,000 elderly citizens who are currently not receiving any pension or any source of income, or recipients of the PBS. This modest cash transfer to the elderly is expected to have a positive impact on contributing to reducing the poverty gap and inequality faced by the ageing population in Fiji.

Women

The Fiji government launched its Women's Plan of Action (2010-2019) with commitment aligned to the Beijing Platform for Action in 1995, the Revised Pacific Platform for Action (2005-2015) in 2004, the Millennium Development Goal 3 – "Promote Gender Equality and Empower Women" and the Roadmap for Democracy and Sustainable Socio-Economic Development (2009-2014). The following table shows the financial resources allocated to women from 2008-2013 from the poverty alleviation budget.

Table 6. Fiji's Department of Social Welfare Women's Allocation 2008-2013

Government expenditure on women in Fiji Islands 2008-2013		
Year	**Women's Allocation (FJ$ million)**	**Percentage of Total Poverty Alleviation Budget**
2008	0.30	0.5%
2009	0.35	0.8%
2010	0.30	0.7%
2011	0.30	0.4%
2012	0.55	0.7%
2013	0.55	0.9%

There is a significantly small percentage of the social protection budget allocated to women in Fiji and there have been calls for gender responsive budgeting. ADB (2006) Fiji Country Gender Assessment highlight that women in Fiji are at a higher risk of poverty and destitution, predominating among the poor. This is attributed to labour force discrimination, increasing divorce and separation rates[22], patrilineal inheritance rights to land, land rents and other major assets. The study noted that women are the major beneficiaries of the FAP and more initiatives such as women targeted services for micro-finance[23] for self-employment could be established.

ILO (2011) recommends assisting women in low-income groups which can result in greater empowerment and autonomy for women. ILO reports that when benefits are paid in the form of social transfers directly to women, this result in enhancement of their status and their capacity to control household income (p. 25).

Children

In 2010, the Fiji government launched its policy in 'Child Protection of the Ministry of Education (MoE) and Fiji Schools'. The policy promotes zero tolerance of abuse, neglect and exploitation of children. It also provides a framework for the protection, identification, managing and reporting incidents of child abuse in schools, religious establishments, social centres and wherever organized educational programmes are conducted so that delivery of the MoE mission is realized.

[22] This results in problems in collecting maintenance payments from departed spouses.

[23] The study ADB (2006) noted that the micro-finance programmes currently in operation at the time showed limited viability.

The Fiji government recognises the need for children to obtain an education, therefore in 2010; the free bus fare subsidy scheme was introduced to ensure that children are able to attend school on a daily basis.

However, the tuition free program for primary and secondary school education was only available in 2008. This was replaced by the poverty relief fund for education; however, this was only available in 2009-2010.

Fiji's social protection system takes care of underprivileged children through the 'Care and Protection (C&P) Allowance' available to single mothers, deserted spouses, widows, prisoner dependents and foster parents/guardians. The C&P monthly allowance is paid to the guardian of the child is based on the child's school age, school enrolment, and other criteria, with a benefit per household or institution of $25-$60 per child per month.

Unemployment

Unemployment in Fiji is rising and from the census data unemployment numbers has increased from 11, 124 (3.7%) in 1996 to 28, 220 (8.6%) in 2007. Therefore, the National Employment Centre (NEC) Degree was established in 2009 and budget allocations from the social protection fund to the NEC from the years 2011-2013 averaged $1 million.

ESCAP (2013) reported high levels of unemployment among the youth age group 15-24 years, identifying the lack of employment opportunities and in Fiji's labour force in 2004/05 those aged between 18 and 30 accounted for almost two thirds of the total unemployed.

ILO (2011) suggests that a successful social protection floor needs to have strong links with employment policies. This ensures people are able to access productive and decent employment and exit from poverty.

Fiji's Superannuation Fund

The Fiji National Provident Fund (FNPF) commenced in 1966 under the FNPF Act. FNPF is a worker's retirement savings scheme, taking mandated contributions from employees and their employers to accumulate a retirement fund. The FNPF operates on a fully funded basis without government subsidy (Rashbrooke, 2012). FNPF's Pension Scheme was introduced in 1975, allowances for members to withdraw their contributions for housing assistance in 1976, introduction of the Village Housing Scheme in 1985, and the review of the Pension Scheme

in 1999 and 2011. The FNPF Degree 2011 was promulgated in November, 2011 introducing major structural changes to FNPF including the adoption of the new pension business based on actuarially fair and sustainable rates (FNPF, 2012).

Table 7. FNPF Summary of Key Indicators 2008-2012

Key Indicators	2007	2008	2009	2010	2011	2012
Employers	6,647	6,701	6,944	7,105	7,508	7,840
Membership	343,453	352,358	357,662	364,717	368,186	372,831
Members' Funds ($billions)	2.5	2.6	2.7	2.8	3.0	3.2
Contributions ($millions)	289.6	281.7	288.5	292.3	303.5	317.27
Interest paid to members ($millions)	128.4	131.1	113.6	121.2	133.6	132.8
Interest rate credited to members (%)	6.30%	6%	5%	5%	5.25%	5%
Withdrawals ($millions)	250.3	297.7	352.3	277.5	309.5	318.2
Investment Portofolio ($billions)	3.0	3.1	3.2	3.4	3.5	3.5
Annuity payments ($millions)	38.3	41.2	43.4	46.8	49.1	43.2
Investment Income ($millions)	199.3	194.0	227.4	219.5	238.8	249.9
Total Assets ($billions)	3.4	3.5	3.3	3.5	3.8	3.9

Source: FNPF Annual Report (2012)

The working age (15 years and over) population from the 2007 Census was 594,150. The economically active in the labour force were 326,988, of which 298,974 were employed and 28,014 were unemployed. From Table 7, it can be seen that around 58% of the working age population in 2007 are members of the FNPF. Membership growth rates average around 2% per annum and given that population growth rates average around 1% per annum, it could be assumed that the FNPF continues to cover around 60% of the working age population in Fiji.

Table 8. FNPF Summary of Member Withdrawals 2008-2012

Grounds of Withdrawals	2007	2008	2009	2010	2011	2012
55 years and over ($millions)	58.3	58.0	75.4	86.9	120.7	117.5
Death ($millions)	12.0	12.3	12.5	11.6	10.7	15.1
Disability ($millions)	3.5	4.3	2.3	2.4	3.6	3.5
Migration ($millions)	33.1	33.3	39.8	24.7	31.9	37.8
Partial ($millions)	99.7	97.0	135.7	61.7	45.2	45.5
Housing transfers ($millions)	37.1	36.1	30.6	29.1	33.3	40.2
Special Death Benefit ($millions)	3.7	8.1	6.3	8.7	9.8	8.7
Pension Annuity ($millions)	38.3	41.2	43.4	46.8	49.1	-

Source: FNPF Annual Report (2011, 2012)

As seen in Table 8, members benefit from withdrawals such as full withdrawal of retirement funds at the age of 55; at members' death FNPF pays nominated family members; through migration or disability members can access their funds; FNPF assists in health and education expenses through partial withdrawals; members can access their funds to assist in house purchase or building; assistance on the death of an immediate family member; and members who have opted to receive a pension instead of full withdrawal of funds.

FNPF Annual Report (2012) reported that with its new Pension Scheme introduced in March, 2012, a new actuarially fair age-based life Pension Scheme was introduced to replace the old scheme. Rashbrooke (2012) reported 11,468 the number of pensioners at 30 June, 2011. FNPF Annual Report (2012) reported that 68 per cent of the pensioners opted to join the new scheme, while the remainder exited the scheme with a total lump sum payment of $126.7 million.

According to the 2007 Census the population numbers for those aged above 55 years is approximately 94,101[24]. Given that there were 11,468 pensioners in June 2011 and in June 2012 around 68% have opted to join the new pension scheme, it shows that FNPF only provides for a small percentage (less than 10%) of the elderly population through its pension scheme.

Summary

Social protection policies and programmes in Fiji is well ahead of its two Melanesian counterparts, Solomon islands and Vanuatu. Fiji's social protection policies and programmes is in line with the World Bank (2010) SPL strategy of resilience, equity and opportunity, in the provision of social pension to the elderly, the PBS and establishment of the NEC. This is also in line with the UN's SPFI, where Fiji also has been able to implement a social protection floor, through the provision of social guarantees and universal access to affordable social services. Fiji's initiation of smart cards and electronic banking has promoted financial inclusion, linking the poor to formal banking systems. However, there is still room for improvement given the increasing unemployment and poverty rate in the country. It has been recommended that access of the program be widen to poor households, should additional budget allocations become available, subject to a well-defined standard process of assessing household welfare status, and targeting the program at extreme poor, rural poor, elderly and

[24] http://www.statsfiji.gov.fj/index.php/2007-census-of-population

disabled (World Bank, 2011). Hence, the Fiji government should consider the provision of disability allowances, income support for the working poor, employment guarantees and more social insurance schemes. This would require collaboration among a mix of public and private actors. The Fiji government although focusing mainly on protection, is considering policies of prevention and promotion within its current social protection framework.

4.2 SOLOMON ISLANDS

4.2.1 Background

Solomon Islands comprises a scattered archipelago of mountainous islands that straddles Vanuatu and Papua New Guinea, and is 1,800 kilometres north-east of Australia. In 1893, it was declared a British protectorate and achieved independence in July 1978. Its population is predominantly Melanesian in origin with a small number of people of Polynesian, Micronesian, Chinese and European descent. As a society it is not homogenous, with some 87 indigenous languages and 30 dialects spoken throughout the archipelago.

Like many developing economies in the Pacific region, Solomon Islands faces serious development challenges in the building of appropriate social infrastructure. These include schools, health facilities, roads, water supply and communications, as well as building capacity in the civil service and developing the country's human resources (Prasad and Kausimae, 2012). This was attributed to the physical characteristics of Solomon Islands where islands are scattered across a vast ocean, creating a non-homogenous society (ibid). This has resulted in ethnic conflicts in 1999 and 2006, since then there has been slow but steady recovery with international assistance, mainly from Australia and New Zealand (ibid). The country is heavily dependent on donor funding and ESCAP (2012) reported that one-half of government expenditure is funded by grants. However, the country still faces enormous challenges in addressing long-standing structural problems.

Prasad and Kausimae (2012, p. 6) highlighted four challenges that needs to be addressed. First and foremost, is the need to sustain economic growth especially in the aftermath of ethnic tensions that has plagued the country. This requires the need to review policies in place and priorities in budgetary allocations. Secondly, there is a burgeoning population with a lack of job opportunities created. There is high unemployment especially for the youth population and this has implications for economic growth and poses potential social problems. The third

major problem is the unsustainable exploitation of the country's forests. This is currently condoned as it is one of the few sources from which the government can earn revenue, generating foreign currency. However, such deforestation would have significant environmental impacts, with future governmental revenue earned from unsustainable exploitation expected to decline. This would have implications for the delivery of services and public goods, resulting in other undesirable social problems. The fourth important issue that needs to be addressed is the lack of political stability. Such political instability, as explained by the authors, is created by the country's constitution where there is recognition of independent members as a political group within Parliament, hence, candidates seeing no need for alignment to any political party.

Solomon Islands is classified as a lower-middle-income country with a fluctuating GDP growth rate (see Figure 1) and is one of the most indebted countries in the Pacific region (Prasad and Kausimae, 2012). Its high economic growth is attributed to its unsustainably high rate of logging (AusAID, 2012). However, in 2009 lumber exports declined significantly, which was a major concern given they account for 40% of government revenue and 70% of export earnings (ibid). ESCAP (2012) projects that lumber exports will decline steeply by 2015. Mining, fisheries, and tourism have the potential to offset but not fully replace the revenue and export losses from the decline in lumber exports (ibid).

4.2.2 Social Services and Policies

The government's main focus is mainly on economic development through trade, exploitation of natural resources and building human resources (Prasad and Kausimae, 2012). As in most developing countries of the Pacific region, the government is responsible for the provision of social services at the macro-level, which is limited mainly to education and health, with some attention to the housing sector (ibid). The government also provides social infrastructure such as roads and water supply. However, as the majority of the population live in the rural areas and cannot access such social services as provided by government, the traditional social system with the existence of tribes, clans and extended families play an important role for social protection and social safety nets. Therefore, within a tribe, clan members support each other in a wide range of social and political activities, such as death, marriage, warfare, gardening and communal work.

Consequently, in a country where there is no welfare or income support for those who are classified as vulnerable groups, it is the extended family units which play a pivotal role in the

country's social system (ibid). The extended family units assists in the upbringing of children, assists widows in the unit, ensures the welfare of the elderly is taken care of, and provides assistance to the less fortunate family members. However, with the pressures of modern economic imperatives, this has resulted in the breakdown of traditional systems of welfare provisions, creating social problems (ibid). Furthermore, Prasad and Kausimae (2012) highlighted that in the Solomon Islands "…trade unions and NGOs were not prominent in promoting social service provision, and therefore demand-driven development of social services were largely absent" (p. 35).

Consequently, it is the government that has shaped the quality and breadth of social provision, although this has remained low. The government has played a pivotal role in shaping the country's social sector through the policies is has developed and implemented over the years (ibid). Prasad and Kausimae report that these policies can be viewed from three points of view. first, government policies were designed to address shortcomings in the social sector. Second, government policy was in reaction to donor agencies. Third, government policies in the early years of the twenty-first century can be seen as the outcome of a major crisis.

AusAID (2012) reported that the government of Solomon Islands responded to the global crisis by removing import duties and sales tax on rice. It was argued that such strategies could have been paired with social protection interventions for a more effective developmental impact. This is crucial given that lumber exports are declining; impacting household incomes due to high unemployment. Social problems have affected communities and individuals are hunger and malnutrition, neglect, abuse, lower school attendance and performance and work productivity. This paper will review some of the social protection policies that the government has implemented in response to the global economic crises of 2008.

Education

Education provision has been primarily provided by the government and has been a priority area for previous governments (Prasad and Kausimae, 2012). The government is committed in providing basic education at the primary level, with the objective to improve access to quality basic education for all children by 2015. This is in line with the aims of the Dakar Framework of Action on Education for All (EFA) and the education related MDG, which Solomon Islands is committed to achieving.

Prasad and Kausimae (2012) reported that government expenditure during the 1975-1981 and 1991-2001 periods averaged around SI$2.6 and SI$62.6 million respectively, this was 15.3 and 18 per cent of total government expenditure. This was similar to that in other Pacific island countries. Government expenditure on education, though reflecting a generous budget allocation is skewed towards the upper and post-secondary school levels (ibid). This has resulted in not achieving the objective of improving access to primary education for all. For example, in 1999 it was reported that 20 per cent of operating costs in the recurrent budget was allocated to primary education, compared to 20 per cent for secondary education and 70 per cent for tertiary education (ibid, p. 37).

Church organisations have also played a key part in the provision of education, at both primary and secondary level, however, are restricted by their limited resources.

Health

The provision of health services is also mainly provided by the government, through public hospitals and health centres. This is recognised as important as it provides the base for a productive society (Prasad and Kausimae, 2012). However, health services in Solomon Islands have yet to be fully developed, due to lack of funding and lack of adequate trained human resources. The lack of funding has translated into a shortage of health facilities throughout the country. AusAID (2012) reported that in Solomon Islands, half of the children under 5 and nearly half of the women were anaemic.

Public health funding is mainly funded by the government and supplemented by international aid. Government allocations to the health sector has always been generous, however, there is no indication of how much is actually allocated between centres and provinces (ibid).

Prasad and Kausimae reported that according to a report by the ADB (1998) a "…disproportionate share of the health budget is allocated to the central area of Honiara, mainly for hospital-based treatment; while a small proportion is allocated to the provinces, where the majority of the country's population lives" (p. 39).

Superannuation Scheme

In the Solomon Islands, social security system is limited to the country's provident fund. The fund is confined to the labour force within the formal sector. Contributions are made jointly by workers and employers. There is voluntary membership for self employed and

unemployed people. A mandatory levy of 12 per cent mandatory savings scheme was charged shared by workers and employers when the provident fund was first established in the 1976 (Prasad and Kausimae, 2012). Member benefits within the provident fund scheme can be withdrawn at the age of 50 or upon death, disability or permanent migration. Partial withdrawal is also permitted or full amount is also given upon job redundancy or reaching the age of 40 and this must be substantiated with proof of permanent job separation.

The Ministry of Commerce, Industries, Labour and Immigration targets to expand the capacity of social protection in Solomon Islands where pension scheme will cover all nationals that are above a certain age (International Labour Organizations[25]). It will also create a Health Insurance Scheme that will envelop all Solomon Islanders, hence increase access to specialized health care overseas. The Solomon Islands Provident Fund has been a source of lending, mainly from the government and quasi-government bodies. According to ADB (1997:14 cited in Prasad and Kausimae, 2012), Solomon Island National Provident Fund total exposure which includes loans guaranteed to Provinces and direct loans to the government was 53 per cent ($149 million) of fund's total assets. Social welfare only benefits civil servants and workers in the private sector. The Solomon Islands Provident Fund population coverage is minimal and it will only expand if the private sector expands.

Summary

Solomon Islands offers limited social protection programmes to its vulnerable population which is limited mainly to the provision of education and health infrastructure and services. However, it was reported in the 2010 GEC Conference that there has been reductions in the education and health budget allocations. The Solomon Islands government did not implement any policy initiatives to boost domestic output or put in place appropriate agricultural policies, and is left with no tangible option to deal with the global crisis (Kumar and Singh, 2010). The superannuation scheme is limited to those that are employed in the private sector and provides pension to a very minimal percentage of the elderly population.

[25] http://www.ilo.org/public/english/bureau/program/dwcp/download/solomon.pdf

4.3 VANUATU

4.3.1 BACKGROUND

Vanuatu is a relatively traditional Pacific island country, a Melanesian archipelago of 80 islands, 68 of which are inhabited spread over 1,300 kilometres, a land area of 12,000 square kilometres and much rich volcanic soil[26]. Vanuatu ranks top of the Commonwealth's Vulnerability Impact Index as it is a country that is highly vulnerable to significant natural shocks such as cyclones, tsunamis, flooding, earthquakes, and volcanic eruptions. For example, since 1960 more than seventy natural disasters have struck Vanuatu with recorded damages of US$250 million[27]. Additionally, the country is also affected by price shocks and changes in global economic demand.

Vanuatu is classified as a lower-middle-income country and in 2012, Vanuatu's Human Development Index (HDI) is 0.626, which gives the country a rank of 124 out of 187 countries and places Vanuatu below the regional average[28]. Prasad and Kausimae (2012) explain that such a level of human development is roughly what would be expected for a country with such income level.

The Vanuatu government's report to the 2010 GEC Conference, hosted by Vanuatu reported that despite the global economic crises, Vanuatu's economy continues to grow (see Figure 1), however at a slower rate. It was reported that there was a decline in the copra and beef industries and this has directly affected the rural population, who rely on these industries. There is subdued domestic inflationary pressures in Vanuatu (see Table 1) compared to other economies in the region due to the relatively sluggish economic activity (ESCAP, 2012).

Prasad and Kausimae (2012) explained that average annual growth since independence in 1980, has been 0.4%. It was noted that immediately after independence, there was a marked decline in GDP per capita, as a result of civil disturbances that accompanied independence. As highlighted in Figure 1 the growth trajectory has been more favourable in recent years, with positive growth since 2003.

Vanuatu has experienced relatively high levels of population growth (see Figure 2) with an average population growth rate of over 2.5%, however, in the same period, GDP per capita

[26] http://siteresources.worldbank.org/INTPACIFICISLANDS/Resources/442114-1180930407961/PI_Social_Services_Vanuatu.pdf
[27] http://www.ausaid.gov.au/aidissues/foodsecurity/Documents/economic-growth.pdf
[28] http://hdrstats.undp.org/en/countries/profiles/VUT.html

increased only modestly (Prasad and Kausimae, 2012, p. 42). AusAID (2010b) country case study on Vanuatu reported that the challenge for the government is translating its economic growth and significant aid flows into new jobs and improved service delivery across the archipelago. ESCAP (2012) recommended that the government make best use of concessional funding from development partners, prioritising infrastructure spending and improving capacity to manage infrastructure funds.

The economy is predominantly rural with around 75% of the country's population living in rural areas and engaged in subsistence agriculture (ibid). Exports of the country have focused on agricultural products such as copra, timber, beef and cocoa. However, the contribution of agricultural products to GDP has declined over the years and services such as tourism and the financial sector has become increasingly important (ibid).

Ratuva (2010) analysing the Household Income and Expenditure Survey (HIES) reported that in Vanuatu, there is high disparity between income received by expatriates and the local ni-Vanuatu. Based on the 2000 Census, 83.5 per cent of expatriates, mostly professionals or businessmen, received VT99,000 or more, with 28.5 per cent receiving salaries of more than VT300,000 a month. On the other hand, 86.9 per cent of ni-Vanuatu received income between zero and VT79,999 a month, with a total average monthly income of VT55,462. This is compared to the total average monthly expenditure of VT52,361, resulting in average household savings of a mere VT827 a month. Ratuva notes that this represents a grim picture of the monetary relationship between income and expenditure of the ni-Vanuatu.

Prasad and Kausimae (2012) highlighted that Vanuatu is highly vulnerable and dependent on external conditions, due to the large degree of openness and reliance on tourism and official transfers. Imports have been consistently above exports, leading to a deficit on Vanuatu's current account. Foreign aid has reduced substantially since independence and remittances have been fairly low.

Prasad and Kausimae (2012, p. 48) highlight some key issues that the government is grappling with. This includes: low and unstable growth; lack of employment opportunities created for the growing population; the need for improved infrastructure especially in terms of road system and utilities in the outer islands and importantly, the problem of urbanisation in Port Vila. AusAID (2010b) reports that the limited transport network has made it difficult for NGOs, churches, and government to operate across the country, extending services to the rural population.

Social Services and Policies

Since independence in 1980, the government did not set out any broad social policies, however, developed a series of specific objectives aimed only at the health and education sectors (Prasad and Kausimae, 2012). The provision of social services in Vanuatu still needs significant improvement, especially, in its health and education infrastructure (ibid).

There is a broad array of community based organisations (notably including churches) and NGOs that assist vulnerable groups. However, given that Vanuatu is a relatively traditional country with majority of its population living in rural areas, it is the traditional social system that protects the weak, the orphans, the elderly and those who have fallen on hard times (ibid). Communal responsibility is taken on by the *nakamal*, which is a community of households who are related to each other and headed by a chief (ibid). Prasad and Kausimae note that "it is within the *nakamal* that the traditional social safety net exists" (p. 49). However, the coverage and effectiveness of these traditional forms of social protection are being slowly eroded by the fast growing and increasingly urbanised population (World Bank, 2006).

The rural population often suffer from what is called 'poverty of opportunity', with a lack of access to services (education, health, regular water supply, transport, communications, energy) and income earning opportunities (Vanuatu Government, 2010)[29]. Additionally, most major new developments often occur in or near urban areas. Such opportunities would enable the rural populations to improve their living standards. This is a contributing factor to rapid urbanisation.

Urban-based households are under greater financial pressure than their rural counterparts as a result of their reliance on the cash economy (Ratuva, 2010). There is less reliance on garden plots and extended family members in urban areas. Such difficulties often result in children dropping out of school, crime, teenage pregnancies and other social problems (ibid).

Vanuatu's MDGs 2010 Report (Vanuatu Government, 2010) states that there is no poverty reduction strategy for the country. However, the government has embarked on a set of strategic directions and associated policies to promote private sector growth, notably in tourism and increasing agricultural production in selected rural areas with associated improvements in access to transport and markets. The government is committed to create a

[29] http://www.ausaid.gov.au/countries/pacific/vanuatu/Documents/vanuatu-mdg-report-2010.pdf

policy environment supporting economic growth through policies to provide infrastructure (roads, telecommunications, shipping and air support facilities and services), promote tourism as a source of income in selected rural areas, increase agricultural production and promote 'cash cropping' and subsidise the producer price for copra.

Ratuva (2010) notes that of the 50 social security programs on ILO's (2006) list, only 17 were implemented in Vanuatu. This related to vocational training, labour standards, collective bargaining, micro-enterprise development, occupational health and safety, AIDS in the workplace programs, disability benefits, survivor benefits, work injury insurance, programs for disabled, medical rehabilitation, assistance to disaster victims, subsidised medical treatment, micro-loans, human rights, and vaccination programs. Ratuva further notes that of the 17 possible social protection mechanisms relevant for mitigating increases in food prices, only two (micro-loans and programs for disabled) exist in Vanuatu. He highlights that important ones that do not exist include "social funds; cash transfers for the aged, widowed and disabled; food-for-work transfers; food security programs; school feeding programs; utility subsidies; homeless person assistance; welfare funds; assistance for disadvantaged; nutrition programs; rehabilitation programs; assistance for homeless youth; and anti-child labour/trafficking programs" (p.49).

According to ADB's Social Protection Index (SPI), Vanuatu has a SPI of 0.08, which is relatively low compared with other Pacific island countries. This reflects the low level of social protection mechanisms offered by the government, civil society, churches and private sector. However, Ratuva (2010) suggests that such a low SPI does not include the vast network of traditional social protection systems at work on a daily basis in rural communities in Vanuatu.

Age distribution is important when considering social protection policies in Vanuatu (Ratuva, 2010). Ratuva notes that 43 per cent of the Vanuatu population is under the age of 14 years, 54 per cent is between the ages of 15 and 65, and those over 65 years of age make up 3 per cent[30]. Table 9 below illustrates age dependency ratios in Vanuatu for the periods 2005-2011.

[30] These rates have remained invariably the same as indicated by the World Bank's Data Bank (www.databank.worldbank.org).

Table 9. Vanuatu's Age Dependency Ratios 2005-2011

Vanuatu's Age Dependency Ratios	2005	2006	2007	2008	2009	2010	2011
Old (% of working-age population)	5.7	5.7	5.8	5.8	5.9	5.9	6.0
Young (% of working-age population)	70.1	69.2	68.3	67.4	66.5	65.6	64.7
Percentage of working-age population	75.9	74.9	74.0	73.2	72.3	71.5	70.7

Source: World Bank [31]

Education

Literacy rates in Vanuatu are improving and according to UNDP 2012 Human Development Report, 82.6 per cent of people aged 15 and above are literate. Prasad and Kausimae (2012) however, report that there has been little improvement in access to education, with net primary enrolment decreasing slightly and secondary school enrolment being a small percentage of primary enrolment (World Bank, 2006).

Table 9. Vanuatu's Universal Primary Education Data and Targets

Indicator	1990	2000	Latest (year)	2015 Target
Net enrolment ratio in primary education	88% (1989) Male 88% Female 87%	75% (1999)	86% (2008)	100%
Proportion of pupils starting grade 1 who reach last grade of primary (Year 8)		36.2%	66% (2009)	95%
Proportion of pupils starting grade 1 who reaches grade 5			90%(2009)	
Literacy rate of 15-24 year olds, women and men	32% (1990)	86% (1999) Male 86% Female 85%	92% (2009) Male 92% Female 93%	95%

Source: Vanuatu Government (2010) [32]

[31] Retrieved from 16 May, 2013: databank.worldbank.org/data/views/reports/tableview.aspx

[32] http://www.ausaid.gov.au/countries/pacific/vanuatu/Documents/vanuatu-mdg-report-2010.pdf

Vanuatu's MDGs 2010 Report states that the Ministry of Education has made considerable progress towards achieving universal primary education, as result of broad consultation processes and in the development of the Vanuatu Education Sector Strategy 2007-2016. The government working with development partners has provided 'fee free' primary level education up to Year 6 in government and government assisted schools beginning in 2009 and have achieved full coverage in 2010. Government has paid grants directly to the schools. This was due to a declining primary enrolment dates in 2008[33], due to parents facing difficulty in paying school fees.

However, it is reported that there is problems with students progressing education to the secondary school level, given the limited secondary schools available. World Bank (2006) reports that 85 per cent of the limited supply of secondary places is filled by students from the wealthiest 20 per cent of Vanuatu society. Furthermore, rural parents in particular find it more expensive to send children to secondary school, with high fees and other expenses clearly a disincentive to enrol their children.

Ratuva (2010) suggests unit costs for secondary education could be reduced, poor families offered cash incentives on the basis of children's attendance records, free school feeding programs particularly in schools where attendance is low, transport allowance for students living far from school.

Vanuatu's education index according to UNDP is 0.56[34] which is typical of medium human development countries. Vanuatu is committed to its obligations to international commitments such as the 'Education for All' (EFA) and the education related MDG (Prasad and Kausimae, 2012). Therefore, the EFA Action Plan for Vanuatu 2001-2015 is committed to achieving the five EFA goals of improving early childhood care and education, achieving universal primary education, ensuring adequate access to training schemes, improving adult literacy, reducing gender inequalities and improving the quality of education. It is hoped that Vanuatu in achieving the five EFA priorities will also achieve the MDGs.

Health

Social protection in the area of health has been an important focus in recent years (Ratuva, 2010). Health care is free to Vanuatu residents, with the exception of inpatient fees. The

[33] Primary enrolment rate in 2009 was 95%.
[34] Fiji is higher with an education index of 0.786 and Solomon Islands with a lower education index of 0.427.

major health problems in Vanuatu are poor nutrition, lack of trained personnel and lack of modern facilities (ibid). Vanuatu's health sector includes referral hospitals and specialist services offered in urban areas. In rural areas, health centres and dispensaries with aid posts in villages. Prasad and Kausimae (2012) report that between 1991 and 2001 there was no significant change in the number of health facilities, reflecting government priorities. Furthermore, the authors reported that in 2005 public health expenditure as a percentage of GDP was 1.5 per cent, with global average of 6 per cent, however, in 2010 it has increased to 4.8%.

Apart from the need for improvement to the health infrastructure, there is also a shortage of skilled labour in medical training, resulting in shortage of skilled health professionals (Prasad and Kausimae, 2012). This has resulted in skilled health professionals to be based mainly in urban hospitals, where provincial hospitals on the other hand are often under staffed.

Prasad and Kausimae recommend the need for government to review health services keeping in line with the country's population growth, meeting people's needs. World Bank (2006) reported that the rising population is a constant pressure on the health budget and health services should be uniformly distributed between urban and rural populations (ibid). Additionally, the government needs to make large investments in its health infrastructure if it is to achieve health MDG related targets (Prasad and Kausimae, 2012). AusAID (2012) reported that 11 per cent of the children under five years of age were underweight and 26% were stunted. Furthermore, Ratuva (2010) highlighted that a gap in health services is that of mental health, for which no funds are allocated.

Superannuation Scheme

According to Hughes and Sodhi (2008, cited in Prasad and Kausimae, 2012), approximately 20 per cent of the 114,000 Vanuatu's working age population in 2012 are formal sector employees. Almost 79 per cent are considered unemployed and underemployed and the majority out of this proportion is unemployed and underemployed males (Prasad and Kausimae). The above statistics clearly depict that the largest proportion of the population in Vanuatu are not covered by any social protection policies.

Superannuation is confined to the Vanuatu National Provident Fund (VNPF). In 1986, VNPF was set up (Vanuatu National Provident Fund Act) and it begun its operation in 1987. It is a mandatory savings programme at which both workers and employers contribute to the

workers' retirement benefit fund (Prasad and Kausimae, 2012). It is a form of safety net and members expect healthier returns at the end of their working life. VNPF according to Prasad and Kausimae is an independent entity and has a number of investments within the economy. In the period 1992-1995 the VNPF had issues with its housing loan scheme giving loans to politicians who did not have the capacity to repay their loans, almost leading to the collapse of the institution. VNPF was not governed by sound financial practices and this was reflected in politicians taking loans without meeting the necessary preconditions (Prasad and Kausimae, 2012). The Vanuatu National Provident Fund has grown over the years to include loans to members in relation to education, housing, and death benefits. However, VNPF's coverage is still very small covering only people in formal employment, that is only civil servants and those employed in the private sector (Prasad and Kausimae, 2012).

Other social services

World Bank (2006) report on social services in Vanuatu and highlight that social protection can be seen in areas that the government is involved in, which include disaster management, urban youth and unemployment, elderly, disabled, women, farmers, and agricultural price shocks and landless.

Disaster management is one area in which the government is actively involved given country's experiences with natural disasters. Hence, the government has allocated VT25 million for a fund that can be accessed quickly in time of a disaster, managed by the National Disaster Management Office under the Vanuatu Disaster Risk Management Plan. In addition, there is a contingency budget for a maximum of 1.5% of the total budget to be released in response to a natural, health or financial disaster[35].

Urban youth and unemployment is a problem in Vanuatu given that the formal economy produces less than 700 new jobs per year, however, the annual output from the education system is approaching 3,500[36]. However, with the assistance of the Australian and New Zealand governments through the Seasonal Worker Program, seasonal employment is available to workers, where they work and earn Australian/New Zealand dollars. New Zealand has made available this scheme since 2007 and Australia made its pilot program permanent in July, 2012. This employment scheme has benefited the local population in

[35] http://www.sopac.org/index.php/media-releases/1-latest-news/334-vanuatu-progresses-intergrated-disaster-risk-management
[36] http://www.ilo.org/public/english/bureau/program/dwrcp/download/vanuatu.pdf

learning new skills and importantly, earning income in Australia and New Zealand currencies, increasing their purchasing power upon returning home. However, AusAID (2010a) reports that people who are selected to work in New Zealand are from wealthier households with higher levels of English literacy.

The elderly in Vanuatu is classified as a vulnerable group in the Survey in Health and Climate Change (2009). It is reported that the elderly people over 60 years of age have recorded an increase in malnutrition, anaemia, diarrhoeal diseases and respiratory infections. The elderly in Vanuatu mainly benefit from family-based safety net arrangements and there is no government or donor supported social assistance program (World Bank, 2006). There is the Vanuatu National Provident Fund (VNPF), but as it only covers people in formal employment, coverage is very limited (Prasad and Kausimae, 2012). For instance, as reported by Prasad and Kausimae (2012, p. 54) the working age population is 114,000 however, only 23,801 are employed in the formal sector and would be covered under the VNPF.

In Vanuatu, the disabled account for up to 2 per cent of the population over 15 years of age (World Bank, 2006). The government has showed its commitment in implementing its National Disability Policy and Plan of Action 2008-2015[37] and in 2005 for the first time provided modest support to disability organisations and programs for persons with disabilities (ibid).

The status of women in traditional Vanuatu society is considered to be low (World Bank, 2006) with violence against women and girls a growing social and economic issue. Hence, gender equality features in the government's Priority Action Agenda 2012-2016 and is currently working on finalising its National Gender and Women's Empowerment Policy 2013-2023. This policy aims to provide direction and guidance on strategic interventions in addressing gender inequalities and will act as a coordinating document for government ministries to integrate and mainstream gender perspective in all policies[38].

[37] http://www.dpaav.org/

[38] http://www.un.org/womenwatch/daw/csw/csw57/generaldiscussion/memberstates/Vanuatu.pdf

6.0 CONCLUSIONS AND POLICY RECOMMENDATIONS

These three countries, apart from being all Melanesian countries have also all faced racial tensions in their respective countries. Hence, real gross domestic product (GDP) per capita in these three countries has barely reached pre-tension levels (AusAID, 2012). In order to grow investments, it is crucial for countries to have a safe and predictable environment. Therefore, all three countries need to build social cohesion, increase equity and reduce tensions. This can be achieved through social protection, which encourages productive investment and economic growth.

Fiji, Vanuatu and Solomon Islands all are developing economies in the Pacific region, where all face significant trade deficits due to the small sizes of their economies, remoteness, lack of infrastructure, and low levels of foreign direct investment (Prasad and Kausimae, 2012, p. 65). Prasad and Kausimae note that these countries need to secure external finances if they are to meet the MDGs, given their limited fiscal resources. Attaining external financing also assists these developing economies in their provision of social services to vulnerable groups within their respective countries.

ESCAP (2012) further noted that urbanisation ratio, the urban population as a percentage of total population, is expected to increase in all Pacific economies in the coming years. A cause for concern is the growing population of people under the age of 18 and the increasing rates of urban youth unemployment in these three countries, especially Solomon Islands and Vanuatu. AusAID (2010a) recommends that for future stability, there is a need for the positive involvement of young people in social, economic and political life.

As urbanisation grows and people get absorbed into the money economy, there is a need for developing financial competence in each country's populace. Hence, it is recommended that financial literacy programmes be deployed to urban and rural communities, educating beneficiaries in the management of household cash flows and keeping financial records.

There is a need, apart from Fiji, for Solomon Islands and Vanuatu to establish a lead agency responsible for housing and urban development. There is a housing problem in urban areas as a result of increase urban populations, and given they do not have the traditional safety nets to fall back on, unless governments implement social protection programmes, there will be an expected increase in poverty, leading to chronic poverty and its associated social problems.

Chand and Kausimae (2012, p. 69) highlight that Vanuatu and Solomon Islands are lagging behind other Pacific Island countries in the development of social policies and have not achieved progress in developing appropriate welfare programmes to their communities. However, social protection interventions on their own rarely achieve optimal developmental impacts (AusAID, 2012). Hence, it was recommended that there needs to be cross-sectoral links and complementary interventions, including vocational skills training, or agricultural development which can maximise success. ESCAP (2012) points out that the potential of these countries lie in strengthening the agricultural sector, in which they can build comparable advantage, especially in tropical fruits and vegetables, through proper marketing. Hence, there is a need to improve infrastructure for rural agricultural production, addressing the binding constraints such as land tenure, high labour costs and marketing infrastructure (ibid).

Furthermore, ESCAP (2012) noted that these governments need to invest and improve social and economic infrastructure, such as health and education infrastructure, as rural populations move to urban areas in search of better health and education infrastructure. Hence, providing improved social and economic infrastructure to rural areas could ease the flow of urban migration from rural areas. Additionally, with growing urbanisation, governments can come up with creative policies, planning and management of urban centres, so that urban populations, such as small business holders, street sellers and craft workers, reap the benefits of tourism as well (ibid).

ADB (2010a)[39] in its analysis states that Pacific economies such as Kiribati, Samoa, Solomon Islands and Vanuatu should be able to afford to implement core social protection programs. This includes child benefits and social pensions, which will have a significant impact on the poor and vulnerable. World Bank (2011) suggests that from international experience a benefit that does not exceed 15-20% of the per capita income/expenditure of a beneficiary household is of a size that can assist the poor without creating perverse incentives.

ESCAP (2012) report that Pacific island economies continue to face tremendous challenges with fiscal management, and in most countries, expenditures exceed revenues. Therefore, if governments do not have the capacity to finance social cash transfers to its populace it should promote awareness of selective buying, use of traditional social protection systems, reliance

[39] Enhancing social protection in Asia and the Pacific

of land and traditional foods (Ratuva, 2010). This is especially recommended for Solomon Islands and Vanuatu.

ESCAP (2012) recommendations for improving resilience of Pacific economies, include: "(1) maintaining macroeconomic stability and improving fiscal positions; (2) maintaining inflation levels at an acceptable level so that poor are not affected in a significant way; (3) addressing unemployment through deliberate job creation opportunities; and (4) continuing to review and refine social protection policies so that those living below poverty levels are looked after".

For Solomon Islands and Vanuatu, as these two countries are traditional and religious societies, especially in the rural provinces, and churches have national networks, education and health services could be delivered through the churches (AusAID, 2010b). Government resources are often scarce and there are often no funds for community-level initiatives or the running of an intermediary civil society group (ibid). Hence, governments can always use such non-philanthropic institutions within its broader sectoral policy framework to meet social welfare needs of the population (ibid).

In ensuring universal access to quality health care services, it would be recommended policy option for health cards to be issued to the poor and vulnerable, exempting them from higher inpatient fees at public hospitals (Ratuva, 2010).

In these three Melanesian countries there is a need for more mechanisms at the national and provincial levels for allowing its respective populations to have a say in government policy processes, breaking away from the top-down imposition of projects and priorities that is not responsive to local needs. In Vanuatu for instance, AusAID (2010b) reported that in Vanuatu there are mediating organisations, such as the National Council of Women, the Vanuatu Christian Council, however, there are no established procedures whereby different social groups can participate in governance processes, make demands on their respective governments or hold their respective governments to account beyond periodic elections. Thus, civil society actors in most cases often lack information about government policy, budgets, structures and legislation, which affects their capacity to contribute to building more transparent and accountable state institutions.

ADB (2010) highlighted that benefits provided under various social protection schemes in the Pacific island countries tend to be poorly targeted and/or benefits are not aligned with the

actual costs of meeting basic needs. This was also reflected by the World Bank (2006) where there are social protection mechanisms with high leakage rates, perverse targeting to the rich, benefits inducing further dependence, resulting in unsustainably large fiscal burdens.

Social insurance programs aimed at providing the labour force and their families with protection in the event of old age or disability are the main social protection instrument in many Pacific island countries (AusAID, 2010a). All three countries reviewed have limited social insurance coverage, with the national provident funds or superannuation schemes in each country limited mainly to the formal sector workers. This reaches only a small proportion of the workforce, leaving out the informal workers, providing very few people with old age pensions or disability benefits, with majority of the recipients among the better-off in society (ibid). Hence, the recommendation to expand coverage of social insurance to informal workers, which could be more effective in the long run (World Bank, 2011).

Furthermore, the ILO (2010) believes that a guaranteed basic pension for all the elderly should be one of the components of the set of social security guarantees referred to in their SPFI. Hence, Fiji has started with a basic non-contributory pension scheme for the elderly and its Melanesian counterparts are recommended to do so as well. ILO has seen that such an approach is affordable for developing countries and reduces poverty among the elderly and alleviates overall poverty in households where older people live.

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