

Executive Summary

This volume is the second of a four-volume report entitled *"Cities, Seas and Storms: Managing Change in the Pacific Island Economies"* produced by the World Bank as the Year 2000 Regional Economic Report for the Pacific Islands. In addition to this specialized volume, Volume I summarizes the main findings of the report, and provides a cross-thematic perspective of the importance of management and adaptation in the Pacific. Volume III examines how Pacific Island countries could best address the challenge of managing the use of the ocean in face of current trends. Volume IV discusses adaptation to climate change.

This volume reviews the forces behind urbanization and examines the challenges urbanization presents; discusses urban governance and planning, land management, and disaster management and mitigation; and presents an agenda for adaptation and change.

Effects of Population Growth and Urbanization in the Pacific Islands

The Pacific Islands have experienced major demographic shifts for several decades. High population growth has led to migration from smaller outer islands to larger islands and from rural areas to towns. As a result, more than 35 percent of the people of the Pacific now live and seek their livelihood in towns and, within 20 years, more than half of Pacific countries will be predominantly urban. Key forces shaping the future of Pacific towns include population growth and migration, the role of the urban economy, and provision of urban services and housing.

Issues and Opportunities

Contrary to popular belief, urbanization has significantly improved the economic prospects and quality of life for a large and increasing proportion of the people of the Pacific. As in other parts of the developing world, urbanization has been an inevitable response to deteriorating

or stagnating conditions in rural areas and outer islands, few if any of which can offer the employment opportunities and access to the cash economy provided by the urban environment.

In reality, urbanization has facilitated national social and economic development. Most new jobs are found in towns, and the urban economy generates upwards of 60 percent of the Gross Domestic Product (GDP) in many, if not most, Pacific Island countries. The urban economy is now the major contributor to economic growth, diversification, and competitiveness in the region. This is largely based on the significantly higher productivity in urban private sector industry and services, as compared to the rural economy. Provision of basic services such as health and education would also have been considerably more difficult and costly if they had to be provided to a population scattered in remote islands. Without the growth of towns, the economic performance of many Pacific Island countries would have been far more modest than it has been to date.

However, these positive impacts remain unrecognized by many policy makers, who continue to view towns with concern, if not alarm. Difficulties in providing and maintaining public infrastructure and services, proliferation of informal settlements, worsening environmental conditions and increasing social problems associated with unemployment, underemployment, and the breakdown of traditional social structures are often cited as major concerns. Consequently, policies have often been reduced to trying to develop strategies to encourage those living in urban areas to return to the rural areas from which many came.

These concerns are not unfounded. Income inequalities are growing, and poverty and vulnerability are evident in an increasing underclass of landless urban poor. Without attention, these emerging problems will grow, affecting the quality of life, discouraging much

needed private investment, and placing key economic sectors (such as tourism) at risk. Urbanization trends are also having a profound effect on customary traditions, relationships, and decision-making processes as subsistence lifestyles in rural areas have become less appealing to young town dwellers, and traditional leadership structures become less able to respond to demands by the urban population for higher standards of living.

In general, the potential economic benefits of towns are being jeopardized by a lack of vision of the social and physical environment desired by town dwellers in the Pacific, an absence of appropriate policies, and poor urban management and service delivery.

An Agenda for Change and Adaptation

Dealing with the worsening problems caused by urbanization and realizing its potential to increase standards of living calls for a policy and institutional response that goes beyond uncertain resettlement schemes. Indeed, in light of the importance of the urban economy and the growing population of urban dwellers, the time has come for urban management strategies to feature prominently in national economic and social development strategies and outcomes, and for accountabilities to be defined.

These strategies should address the current structural problems in urban planning, with a view to build a broad-based vision of how to achieve a more equitable distribution of opportunities for all Pacific Islanders, while safeguarding the environment. Shaping this vision requires a participatory process in which local level traditional institutions, civil society and the churches, the private sector and government are involved at all levels. This can serve as a vehicle to improve governance as these stakeholders seek to achieve a consensus on policies and practical measures that enhance the urban-rural linkages, and harness the potential of towns to absorb population growth more productively.

National urban summits would be an ideal vehicle towards achieving this sort of consensus on urban policies, and strategies by widening

the debate to include a broader cross-section of stakeholders including marginalized groups such as the landless, the urban poor, women, and others. A regional center – which could be known as the Pacific Regional Observatory on Urban Development (PROUD)–could serve both as a regional knowledge bank and a forum for dialogue on urban and regional development. The seeds for such an initiative already exist in the region, through the recently formed expert group on urbanization of the Council of Regional Organizations in the Pacific (CROP).

Improving governance in urban areas should proceed on one key assumption: Higher level institutions should embody, to the extent possible, the basic norms and values of the people they are intended to serve, rather than imposing on them a new set of norms and values. This implies a shift in the role of higher level institutions from actually making decisions and devising plans to providing assistance to the representatives of the people so they can more effectively meet the needs expressed by urban communities. The result of such a process will be decisions that have a higher level of ownership among the participants and a stronger likelihood to be implemented.

The challenge in urban areas will be to find means to include all affected residents in the decision-making process. Explicit attention needs to be paid to the needs and priorities of poor and marginal stakeholders or they could act as disintegrative social forces in the urban environment. This is a daunting task, but it is not beyond the capacity of Pacific Island societies. The tradition of negotiation and consensus building is strong throughout the region and in most cases sufficiently flexible to incorporate different interests.

Adaptability has long been a characteristic strength of Pacific people. It therefore lies largely within the power of Pacific Island societies, acting alone and through regional cooperation, to harness and enhance the positive impact of urbanization and the contribution it can make to improving the competitiveness of Pacific Island economies and the quality of life of their people.