

# Executive Summary

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As the 21<sup>st</sup> century begins, Pacific Island countries are being confronted with new challenges and opportunities arising from changes in their physical, social, and economic environment. Pacific Island countries can actively engage in foreseeing and managing the process of adaptation to these changes, or they can have unplanned adaptation imposed on them by forces outside their control.

Managing change will be critical in three major areas: the growth of towns, the interaction between the Pacific Island people and the ocean, and the effects of global climate change. Each of these three themes has region-wide implications, and presents particularly complex challenges. More importantly, within each of these forces of change lie substantial opportunities to effect lasting improvements to the livelihoods of the Pacific Island people well into the new century.

The ability of Pacific Island countries to respond to these changes will be strongly conditioned by their institutional structures at the local, national and regional level. Of particular importance will be the extent to which traditional and more formal structures of governance can cooperate by taking advantage of their comparative strengths, while minimizing conflict and inefficiencies in their interaction.

Choosing a development path that maintains the quality of the social and physical environment will also be a key factor enabling Pacific Island countries to attract foreign investment in an increasingly competitive global economy. The quality of urban planning and governance, the management of coastal areas where so many communities and economic activities are located, and the adaptations made by the island governments to the impacts of climate change will all be critical factors for decisions on whether or not to invest in a particular country.

Managing change in these areas will be central not only to the Pacific Island countries' future

competitiveness, but also to the well being of the Pacific Island people. The three themes selected for this report resonate throughout the Pacific Islands, and the countries' response to the challenges and opportunities they present will shape the development paths of the entire region.

The short-term outcome of the report is intended to be an improved understanding of the need and scope for adaptation policies in face of the challenges presented by the growth of towns, the use of the ocean, and the impacts of climate change. While it is certain these three themes occur within the context of other forces such as globalization and bear on other critical issues such as education and health, substantial work has already been done to document these issues. It is hoped that by taking a new and specific look at three areas with immediate relevance to the region, this report can offer timely analysis and advice to Pacific Island countries. Over the long term, it is hoped that the report can assist Pacific Island Governments, businesses, and communities to better adapt to change by building on the strengths unique to their countries and their people.

Beginning with an introduction that provides the context of the discussion (chapter 1), this summary report is divided into five chapters. Chapter 2 discusses the management of Pacific towns. Chapter 3 examines the management of the use of the ocean. Chapter 4 discusses adaptation to climate change. Chapter 5 combines the main recommendations of the report into a general adaptation strategy.

This summary report is the first of a four-volume series. Volume II presents a more detailed discussion on the management of Pacific towns. Volume III discusses the management of the ocean. Volume IV focuses on adaptation to climate change, and includes the assumptions under which the analysis was based. Background studies commissioned for this report are listed in *References*.

## **Managing Pacific Towns**

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. 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 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 and underemployment are often cited as major concerns. Consequently, policy responses have often relied on strategies to encourage urban dwellers to return to the rural areas from which many came.

These concerns are not unfounded. Income inequalities are growing in Pacific towns, 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 residents, and traditional leadership structures become less able to respond to 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 plans, 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 the participation of local level traditional institutions, the civil society, the churches, the private sector, and the government at all levels. Such a participatory process could also serve as a vehicle to improve governance as a consensus was reached on the policies and practical measures to enhance urban-rural linkages, and to 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, by widening the debate to include a broader cross-section of stakeholders-including marginalized groups such as the landless urban poor. A regional center- which could be known as the Pacific Regional Observatory on Urban Development (PROUD)- could serve 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 Committee of Regional Organizations of the Pacific (CROP).

Improving governance in urban areas should proceed based 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. 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 of 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 key 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 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.

## **Managing the Use of the Ocean**

The Pacific Ocean occupies 180 million square kilometers—half of the earth’s sea surface and more than a third of the Earth’s surface. Managing the use of this immense ocean will become a growing challenge for Pacific Island countries in the twenty-first century.

Three issues related to ocean use currently pose great challenges as well as great opportunities for Pacific Island people: the management of coastal areas and their resources, the management of tuna fisheries, and the policies for seabed mining.

### **The Coast**

Coastal areas serve not only as an integral part of Pacific Islanders’ culture, but also represent vital sources of food and income and play major roles in the protection against storms. For long, the coastal seas and lagoons have been viewed as an infinite source of fish, and a receptacle for much of the waste generated by towns and villages.

This perception has to change. Coastal areas throughout the Pacific are threatened by

overfishing, pollution, mining, and poor coastal planning, leading to the depletion of fisheries and to coastal degradation. As most economic activities and communities are located at or near the coast, these problems are imposing significant economic and social costs on Pacific Island countries.

Addressing these challenges will require close partnerships between coastal communities and Pacific Island governments. Neither governments agencies nor communities can manage coastal areas on their own. The distances involved and the existence of customary marine tenure in many islands make it virtually impossible for government-led efforts to succeed in isolation. At the same time, communities need help in managing problems—such as pollution and dredging—that cannot be easily addressed at the local level. Collaborative, or co-management partnerships between coastal communities, governments, and non-governmental organizations (NGOs) have the greatest potential to succeed in managing coastal areas and restoring their productivity and functions.

To be effective, co-management partnerships should meet three conditions:

- The roles of coastal communities and their external partners—governments or NGOs—need to be clearly defined, in a way that draws upon the comparative strengths of each partner.
- Effective communication forums—such as island councils—need to be established between communities and their external partners.
- Intersectoral planning among government agencies needs to be strengthened to prevent conflicting or overlapping policies in coastal areas.

These activities do not require large budgets. Rather, they require a commitment from governments and donors to work closely with local level institutions to provide the kind of assistance communities need to manage their coastal areas.

## **Tuna Fisheries**

The deep ocean presents challenges and opportunities of a different kind. Chief among these is the management of tuna fisheries in the Central and Western Pacific, the most important tuna fishing ground in the world. Because tuna are highly migratory, their management requires close regional collaboration.

Pacific Island countries and distant water fishing nations have put considerable efforts into negotiating a new regional convention to manage and conserve the tuna resources of the Western and Central Pacific. But weak collaboration among Pacific countries and uncertainties on key aspects of the convention—namely, the financial contributions of member states and the allocation of the total allowable catch—may reduce the coastal states' ability to maximize future benefits from tuna exploitation in their exclusive economic zones (EEZs).

As the new regional management regime is adopted, Pacific Island countries need to collaborate closely as a group to preserve independent monitoring in their EEZs, retain a fair share of the total allowable tuna catch, and negotiate optimal access fee agreements with distant water fishing fleets.

## **Seabed Mining**

Although the exploitation of deep sea minerals is yet to commence, seabed mining could become a reality in the Pacific within the next 10-30 years. The potential for the industry is reportedly large.

Under the Law of the Sea Convention, Pacific Island countries who qualify, have until 2004 to extend maritime claims from their 200-mile EEZ to the limits of the continental margin. Extending these claims could give coastal states the rights to additional seabed mineral deposits that may occur in these areas, and should therefore be completed as a matter of urgency.

Given the potential environmental impacts and large scale of seabed mining operations, it is also critical that Pacific Island countries adopt

appropriate offshore mineral policies. These policies and subsequent legislation should create a conducive climate for foreign investment, but at the same time establish strict environment safeguards, independent environmental monitoring, and a forum for public participation in licensing decisions. The following environmental safeguards are recommended for the development of these policies:

- Assess environmental impacts in actual field conditions prior to the issuance of exploitation licenses.
- Adopt a regional code of environmental practice.
- Establish a regional system for independent monitoring.
- Impose strict penalties for pollution.
- Require up front rehabilitation deposits and environmental bonds.
- Ban seabed mining in areas of high biological value.

Regional collaboration among Pacific Island countries will be important not only to survey areas of the continental shelf, but also in the development of future arrangements for environmental monitoring, and in the drafting and implementation of national offshore mineral policies.

## **Adapting to Climate Change**

According to climate change models, the average air temperature may increase by 0.9<sup>o</sup>–1.3<sup>o</sup>C and the sea level may rise 23-43 centimeters by 2050. While some policymakers dismiss the impacts of climate change as a problem of the future, there is evidence that similar impacts are already being felt. Growing urbanization and squatter settlements, degradation of coastal ecosystems, and rapidly developing infrastructure on coastal areas are intensifying the islands' natural vulnerability to climate events.

## **Impacts of Climate Change**

Climate change is likely to have substantial and widespread impacts on Pacific Island countries. Among the most substantial damages would be losses of coastal infrastructure and coastal land resulting from inundation, storm surge, or shoreline erosion. But climate change could also cause more intense cyclones and droughts, the failure of subsistence crops and coastal fisheries, and the spread of malaria and dengue fever.

Climate change would affect most Pacific Islanders, but have its greatest impact on the poorest and most vulnerable segments of the population—those most likely to live in squatter settlements exposed to storm surges and disease and those most dependent on subsistence fisheries and crops destroyed by cyclones and droughts.

By 2050, if no adaptation is undertaken, a high island such as Viti Levu in Fiji could experience average annual economic losses of US\$23-\$52 million, equivalent to 2-4 percent of Fiji's GDP. A low group of islands such as the Tarawa atoll in Kiribati could face average annual damages from climate change of US\$8-\$16 million, as compared to a GDP of US\$47 million. These costs could be considerably higher in years of extreme weather events such as cyclones, droughts and large storm surges.

## **A Strategy for Adaptation**

The development choices made by Pacific Island governments today will have a profound impact on the future vulnerability of the islands and on the magnitude of climate change impacts. Acting now to reduce vulnerability to extreme weather events would go a long way toward preparing Pacific countries for the future.

As a first step, it is recommended that Pacific Islands countries adopt a 'no regrets'

adaptation, policy favoring measures that would be justified even in the absence of climate change. These include better management of natural resources—particularly of coastal habitats, land, and water—and measures such as disease vector control and improved spatial planning.

Under a ‘no regrets’ adaptation policy, Pacific Island governments would take adaptation goals into account in future expenditure planning, would support community-based adaptation, and would require all major infrastructure investments to meet adaptation criteria. Adaptation would be viewed as a key feature of national policy in its own right, and would be taken into account in the development of policies in a wide range of sectors and activities.

The question of who will fund adaptation is a difficult and sensitive issue. Insofar as ‘no regrets’ measures help reduce the islands’ vulnerability to current climate events (independently of climate change), Pacific Island governments would be justified in funding adaptation from reallocations of public expenditures and development aid. Donors could support this process directly, or as part of natural resources and environmental management assistance.

However, this report clearly shows that the Pacific Islands are likely to experience significant incremental costs associated with climate change. It is urgent that the international community develop financing mechanisms to help countries in the receiving end of climate change to fund incremental ‘no regrets’ adaptation. Countries that have taken early action using their own resources should not be penalized with lower allocations. These and other disincentives against ‘no regrets’ policies need to be urgently discussed in international forums. Of paramount importance, however, will be for the international community to move rapidly to develop a financing mechanism that can assist countries such as the Pacific Islands in taking early action on adaptation.

## Conclusions

In meeting the challenges and opportunities presented by the growth of towns, management of the oceans, and adaptation to climate change, Pacific Island countries should consider:

- Strengthening regional collaboration in areas where there is a clear advantage to do so, such as management of tuna resources and seabed mining, and broadening of regional networks to exchange information on urban planning, management of coastal areas, and adaptation to climate change.
- Building intersectoral links among government agencies and improve policy coordination across sectors.
- Fostering partnerships between formal and informal institutions with related interests.
- Mainstreaming adaptation and management into national economic and development planning.

These recommendations are meant not only to assist Pacific Island countries in meeting the challenges of urbanization, ocean use and climate change, but also to encourage them to utilize the opportunities they represent. The growth of towns, in conjunction with proper planning and community participation, can be a vital source of economic growth in the Pacific. The coastal and offshore resources of the ocean, if managed, can continue to play an integral role in the lives of Pacific Islanders. And the challenges posed by changing climate present an opportunity for much-needed adaptation measures that can reduce Pacific Islands’ vulnerability to present day extreme weather events. By embracing these opportunities, Pacific Island countries can actively engage in the process of adaptation to both domestic and external changes, and effect lasting improvements to their societies and economies.