06

The Commonwealth Pacific

6.1 Recent macroeconomic developments and outlook

Overview

With a total estimated population of 10.9 million dispersed over 15 per cent of the earth's surface, the Commonwealth Pacific represents an archipelagic region of nine small states with varied landmasses, population dynamics, natural resource endowments, cultural practices and economic activities; yet, it possesses considerable economic potential and growth opportunities.

Of the nine countries classified as Commonwealth small states – Fiji, Kiribati, Nauru, Papua New Guinea, Samoa, Tonga, Tuvalu and Vanuatu – Kiribati, Solomon Islands, Tuvalu and Vanuatu are also classified by the United Nations as least developing countries (LDCs), owing to the disadvantageous outcomes arising from their development processes, for structural, historical and also geographical reasons. Such countries are deemed underdeveloped, are often characterised by higher incidence of poverty relative to their intra-regionally and extra-regionally based comparators and hence require substantial investments and donor contributions from the international community.

Given the dominance of the marine environment, from fisheries to tourism and maritime transport, the Commonwealth Pacific nations have an opportunity to develop a 'blue economy' for the Eastern Hemisphere. Through innovative practices, the Pacific states can increase their competitiveness on the global scale through the adoption of sustainable practices in the areas of offshore renewable energy, aquaculture and waste management.

Macroeconomic performance

In comparison with for their extra-regionally based counterparts, gross domestic product (GDP) growth rates for the Pacific states accounted for 3.6 per cent in 2018 and surpassed that of the Caribbean[1] and other small states.[2] Over the period under investigation, an average growth rate of 2.4 per cent was maintained in the Pacific compared with 2.9 per cent for the Caribbean and 5.2 per cent for other small states. Predominant declines in growth were noted for all groupings in 2009, in light of the global financial crisis, whereas a sharp subsequent decline in growth for the Pacific was associated with the passage of extreme weather events.

In 2018, the estimated total population within the nine Commonwealth Pacific countries was close to 10.9 million. With 8.6 million inhabitants, Papua New Guinea is by far the most populous country in the region, followed by Fiji (883,483) and Solomon Islands (652,858). For six out of the nine countries under consideration (Kiribati, Papua New Guinea, Solomon Islands, Tonga, Tuvalu and Vanuatu), the rate of population growth in 2018 was higher than 1 per cent in 2018. In Nauru, the population shrank by more than 1 per cent. The fastest rate of population growth was reported by Solomon Islands (2.6 per cent), followed closely by Vanuatu (2.5 per cent) and Papua New Guinea (2.0 per cent).

In most Commonwealth Pacific small states,[3] the proportion of the population aged 65 years and over has been rising. In Fiji and Samoa, this trend has been quite significant. While in 2009 both countries reported that persons 65 years and over accounted for around 5 per cent of their population, by 2017 this rate was almost 6 per cent in both countries. Kiribati, Papua New Guinea, Solomon Islands and Vanuatu ended the period with at least 4 per cent of their population above 65 years of age, while in Tonga a ratio of 5.9 per cent was maintained.

The average rate of life expectancy[4] in the Commonwealth Pacific is relatively high, with most countries reporting that on average most residents live well beyond 60 years of age. Females in Samoa experienced the highest average life expectancy of 78 years, followed by females in Tonga, Vanuatu and Fiji. While males in the four aforementioned countries have shorter lifespans than their female counterparts, they still exhibited higher rates of life expectancy than males in Kiribati and Papua New Guinea.

With an increasingly ageing population, more funds and resources generally must be allocated to health care services and associated amenities. Within the Pacific region, a large proportion of funds are in place primarily to treat non-communicable diseases. This, coupled with high fertility rates, will result in a labour force surplus in the coming years. This will have positive implications for productivity, labour costs and possible business expansions, and also enhance the overall competitiveness of firms across intra- and extra-regional markets. The average fertility rate across the countries under investigation stood at 3.4 per cent in 2017.

Jointly, these two indices will heighten the age dependency ratios across Pacific small island developing states (SIDS) and place an increasingly heavy burden on national budgets.[5]

Advances in economic activity present opportunities in more lucrative sectors such as tourism and manufacturing away from primary activities such as agriculture. As such, more people are moving towards centralised commercial districts away from rural communities.

Prices, wages and unemployment

Unemployment in the region is largely skewed towards women – particularly youth – and is consistent with the extent of employment in small states across other regions.

Trade developments

The Commonwealth Pacific demonstrates limited export potential as most commodities are derived from the terrestrial or marine environments and are largely associated with limited economic diversification strategies.

Fiscal developments

Noting the inherent vulnerabilities of the Commonwealth Pacific, many territories experience difficulties when servicing their debt,[6] have repeatedly relied on external sources for funding and in some instances have qualified to receive official development assistance (ODA) from bilateral and multinational sources in efforts to subdue challenges posed by exogenous and environmental shocks as they strive to attain the Sustainable Development Goals (SDGs).

Outlook

SIDS in the Pacific face myriad unique developmental challenges. As such, the region has been recognised as a special case for sustainable development by various international fora in view of its particular features and vulnerabilities. These include small size, remoteness, high vulnerability to exogenous economic and environmental shocks such as price volatility and natural hazards, low adaptive capacity to climate change, narrow resource and export bases, limited economic diversification strategies and high debt burdens.

The following section provides a detailed analysis of individual country dynamics for the following Commonwealth Pacific countries, divided into two sections:

- Lesser developed countries: Fiji, Nauru, Papua New Guinea, Samoa and Tonga;
- Least developed countries: Kiribati, Solomon Islands, Tuvalu and Vanuatu.

6.2 Lesser developed small states

Fiji

Country data	
Population (millions) (2017)	0.9
Area '000 km^2	18,270
GDP (US$, billion, 2018)	5.12
GDP per capita, PPP current international US$ (2018)	9,877
Currency	Fiji dollar (FJD)

The Republic of Fiji consists of 330 islands dispersed over more than 18,000 km^2 of the South Pacific, around one-third of which are inhabited. Its tropical forests, estuaries, lagoons, mangroves and coral reefs make for a rich biodiversity, with many endemic species. Most people live on the two largest islands: Viti Levu and Vanua Levu. The overall population was estimated at 905,502 in 2017, with an annual population growth rate of 0.7 per cent, which is the second-lowest growth rate in the Commonwealth Pacific. On the Human Development Index (HDI), Fiji ranked 92nd out of 189 countries.

Economic performance

Fiji's economy is the fourth-largest in the Commonwealth Pacific and one of the most industrially advanced after Australia and New Zealand, with well-developed services and manufacturing sectors. A hub for re-exports across the region, Fiji has developed a thriving tourist industry, which makes up almost 40 per cent of annual GDP. Sugar exports and remittances from citizens working abroad have been the other main sources of foreign exchange over the past decade.

Economic expansion has been relatively modest: GDP growth has averaged 2.8 per cent since independence in 1970. This reflects a lack of investment in infrastructure and training and education amid the shift from a primarily agricultural economy to manufacturing and services. Political instability has been a factor at times – the country underwent coup d'états in 1987, 2000 and 2006 – and the islands are regularly hit by destructive cyclones. In 2016, Cyclone Winston killed 44 people and destroyed more than 40,000 homes across the country. The damage to Fiji's economy has been estimated at close to US$1 billion, or 25 per cent of GDP.

Real GDP expanded by 5.4 per cent year on year in 2017, according to the Fiji Bureau of Statistics, and slipped to an estimated 3.5 per cent annual growth in in 2018. The outlook is for slowing growth amid increasingly challenging global economic conditions, including trade and technology disputes and geopolitical tensions. On a per capita basis, Fiji's GDP reached an estimated US$9,577 (PPP) in 2017, which the government hopes to double by 2035. This will be challenging, given that this would require annual GDP growth of about 5 per cent. Sectors identified for future growth include tourism, fisheries, deep-sea mining and the knowledge economy.

Prices, wages and employment

Headline inflation averaged around 2.4 per cent in 2013–2018, within in the 2–4 per cent target range set by the Reserve Bank of Fiji. This is higher than the average for most advanced economies in the Commonwealth in that period, but lower than headline inflation figures for many comparable developing economies, including Jamaica, Mauritius, Trinidad and Tobago and Papua New Guinea. Nevertheless, prices are vulnerable to sharp fluctuations as a result of extreme weather events and policy shifts – headline inflation ratcheted up to 5.2 per cent in late 2018 owing to higher prices for imported fuel, vegetables, alcohol and tobacco. Prices cooled in 2019, with average inflation standing at 1.2 per cent in August.

The World Bank estimates Fiji's unemployment rate at about 8 per cent, and there is concern about high levels of underemployment, especially among women. Employment has grown at a steady rate of around 2 per cent a year since 2000, with most additional jobs created in the relatively low-wage construction and retail sectors. Among higher-wage sectors, financial services and public administration saw the highest level of job creation.

Fiscal developments

Fiji benefits from a well-developed and relatively efficient civil service. Tax revenue contributes to around 23 per cent of GDP, higher than in peer countries, but the fiscal deficit has been rising. It averaged around 4.5 per cent of GDP in 2014–2017, and widened to 4.8 per cent in 2018 amid sharp increases in capital spending on infrastructure and health and education ahead of a general election in November 2018 (won by the ruling Fiji First party of Prime Minister Frank Bainimarama).

Government debt reached 46 per cent of GDP in 2017 and rose to an estimated 50 per cent of GDP in 2018. Financing risks are expected to increase in 2020 as a high-interest US$200 million global bond matures. Multilateral and bilateral loans tied to capital projects have considerably lower rates. A fiscal sustainability study suggested that, at current economic growth and spending rates, the debt could rise to more than 60 per cent of GDP, with a budget deficit of 6.2 per cent by 2021. Avoiding this and keeping debt on a sustainable path would require a significant fiscal adjustment over the next three years.

Trade developments

At independence, sugar was a mainstay of Fiji's economy, accounting for 13.5 per cent of GDP and more than a third of exports. While it now accounts for only 1.2 per cent of GDP, it remains a significant source of foreign exchange – enjoying quota-free and duty-free access to the EU market and amounting to around 5 per cent of exports. Other key exports include fish products, gold, bottled water and ginger, spices and tropical fruits. The largest imports by value are refined petroleum, followed by automobiles and wheat. Singapore, New Zealand, Australia, China and South Korea are the leading countries of origin of Fiji's imports. The trade deficit is large and has widened as increasingly prosperous consumers and developers have sought more imported goods. Trade in services has fared better, mainly reflecting Fiji's increasing popularity among tourists – primarily from Australia and New Zealand, and increasingly from China and India.

Key development challenges

The government plans to build on the country's achievements in reducing poverty and inequality and double real per capita income by 2035. This will require a significant boost to private and public investment in infrastructure and to create higher-wage employment in sectors such as information and communication technology and knowledge-intensive industries. Both urban and rural infrastructure and housing need to be strengthened to cope with an expected rise in extreme weather events, and the fiscal system will need to be made more flexible and resilient through a broader tax base and wider insurance cover.

Nauru

Country data	
Population (millions) (2017)	0.13
Area '000 km^2	21.3
GDP (US$, billion, 2018)	0.12
GDP per capita, PPP current international US$ (2018)	12,326
Currency	Australian dollar (AUD)

Economic overview

A small coral island in the Western Pacific, Nauru is best known for its phosphate mining industry, which proved highly lucrative for the small population for two decades after independence in 1968. Continuous mining caused significant damage to the island's environment and biodiversity remains low compared with other Pacific nations. Mismanagement, corruption and a fall in global phosphate prices led to severe economic problems in the late 1980s and early 1990s. In 1993, the UK and Australia paid compensation for environmental damage.

The island developed an offshore banking industry but faced accusations of money-laundering and was blacklisted by the Organisation for Economic Co-operation and Development official watchdog until 2005. The central bank collapsed in 2004 and the country has effectively operated as cash economy since then, relying heavily on aid from Australia, New Zealand and Taiwan – it is one of only 15 countries that officially recognise Taiwan. Australia opened an offshore detention and processing centre on Nauru in 2001, which proved highly controversial. Known as the Regional Processing Centre (RPC), this was shut down in 2007, then reopened in 2012. Allegations of poor conditions and mental health issues resurfaced, and increasing numbers of refugees left for the USA under a resettlement arrangement agreed with the Obama administration.

Phosphate exports are still a mainstay of Nauru's economy, but reserves are being depleted and attention is shifting to the prospect of mining for precious metals such as nickel and manganese on the sea bed. A Canadian company (DeepGreen) hopes to begin deep-sea extraction in 2025. The other main source of income is from the sale of fishing rights in Nauru's territorial waters – the country claims an exclusive economic zone stretching 200 nautical miles in all directions. Nauru imports most of its basic goods, including drinking water, fuel oil and manufactured goods, primarily from Australia and New Zealand. Nauru became the 189th member of the IMF in 2016 and it is gradually reforming its financial institutions and building a fairer tax system.

Key development challenges

Climate change and the threat of rising sea levels, salt contamination of water supplies and more frequent and damaging tropical storms represent an existential threat to Nauru in the coming decades. Other development challenges include recovering from over-exploitation of land and marine resources, controlling pollution and dealing with an epidemic of obesity and poor health. A new undersea cable is expected to improve Nauru's connectivity and offer growth opportunities.

Papua New Guinea

Country data	
Population (millions) (2017)	8.6
Area '000 km^2	462,840
GDP (US$, billion, 2018)	21.32
GDP per capita, PPP current international US$ (2018)	3,804
Currency	Papua New Guinean kina (PGK)

Papua New Guinea occupies the eastern half of the island of New Guinea and around 600 smaller islands. Its terrain is immensely diverse, encompassing mountains, high plateaux, dense rainforests, swamps, estuaries and coral reefs that support thousands of species. In 2018, Papua New Guinea's population was estimated at 8,606,316, with an annual rate of growth close to 2 per cent – the third highest growth rate in the Commonwealth Pacific. The country's official language is English and over 800 indigenous languages are spoken.

Economic performance

Papua New Guinea's economy is dominated by agriculture, forestry and fishing and increasingly by extractive industries. Minerals, including oil, copper, nickel and gold, now account for more than two-thirds of export earnings. The extraction of liquefied natural gas (LNG) has developed swiftly over the past decade, in response to rising demand in China, Japan, Taiwan and elsewhere. The vast majority of the population lives in rural areas and relies on a mixture of subsistence agriculture and cash income crops. Annual GDP per capita is estimated at just US$3,804 at PPP – among the lowest in the Commonwealth Pacific.

Massive investment in oil and gas infrastructure over the past decade led to a construction boom in the cities of Port Moresby and Lau and fed into rapid economic growth – real GDP expanded by 13.5 per cent year on year in 2014, among the world's fastest growth rates. The pace slowed subsequently, dipping to 2.7 per cent in 2017 and an estimated contraction of 0.5 per cent in 2018.

This reflected a combination of the ending of the LNG-led construction boom, a commodity price shock and a 7.5 magnitude earthquake in early 2018 that shut down much of the extractive industry. Domestic demand was sluggish in 2018 but the economy picked up in 2019 as mining and agriculture recovered – it is expected to expand by around 5 per cent year on year. However, the economy faces the risk of slower growth amid challenging economic conditions in key export markets.

Prices, wages and employment

Headline inflation averaged around 6 per cent in 2015–2017 and has since moderated, averaging 4.5 per cent in 2018 and early 2019 amid the overall slowdown in economic growth. Softening prices for food, beverages, tobacco and betel nut have also played a part, offsetting sharper price rises in housing and transport.

Wages in the formal economy reportedly stagnated in 2018/19 in line with a downturn in mining and extraction and a slowing overall economy. Survey information points to a 2 per cent decline in formal private sector employment in 2018, although public sector employment continues to rise, with new positions, including for teachers, health workers and security personnel. Wages in Port Moresby are considerably higher than elsewhere in the country, but oil, gas and mining firms reportedly find it difficult to source sufficiently trained and experienced personnel. Most Papua New Guineans occupy the informal economy, engaged in a range of subsistence agriculture and cash income from certain crops. Poverty levels are high in some rural areas: a World Bank report from 2010 estimated that 28 per cent of the population lived below the internationally recognised extreme poverty line of less than US$1.90 per day based on PP9 at 2011 prices. This is below most countries in the Commonwealth Pacific and comparable with some of the poorer sub-Saharan African nations.

Fiscal developments

Papua New Guinea faces fiscal challenges amid the ending of the LNG-driven construction boom and falling government revenues. The fiscal deficit narrowed from 4.6 per cent of GDP in 2016 to 2.5 per cent in 2017, according to the Asian Development Bank (ADB), after spending cuts were brought in under a supplementary budget. Papua New Guinea's Treasury reports that both revenue (from mining and petroleum taxes) and spending exceeded their targets in 2018, and the fiscal deficit widened to 2.7 per cent of GDP. A significant overspend on public sector wages is a concern. The government's response has been to implement a fiscal rule, establish a sovereign wealth fund and boost domestic revenues.

Papua New Guinea continues to face a shortfall in its foreign exchange reserves, largely sustained by an overvalued exchange rate. This has resulted in severe import concessions, inhibiting investment opportunities and production in the non-resource sector. Debt Sustainability Analysis (DSA) indicates that Papua New Guinea has a moderate score on risk of debt distress (based on an assessment of its public external debt); however, it possesses limited space to absorb shocks.[7] Debt levels have almost doubled since 2012, with interest payments increasing by 2.5 times. In 2017, Papua New Guinea's external public debt to credit groups stood at US$2.3 billion – largely comprising multilateral debt (55 per cent). Papua New Guinea's external debt is disaggregated in the following manner: Asian Development Bank (ADB) (42 per cent), China (23.5 per cent), Credit Suisse (14 per cent), the

World Bank (12 per cent), Japan International Cooperation Agency (JICA) (5 per cent) and other entities (4 per cent).

Trade developments

Papua New Guinea's booming extractive industries, led by investment in LNG, have delivered current account surpluses since 2014. The surplus rose to a record high of US$5.8 billion in 2018 (25 per cent of GDP) as production was ramped up after the disruption caused by an earthquake, along with rising LNG prices and a contraction in spending in imports. Much of the additional revenue was directed to debt repayments covering investment in extractive infrastructure, so had little impact on international reserves, although they rose through a US$500 million sovereign bond and a new ADB loan.

Papua New Guinea is privy to many regional and international trade agreements.[8] For the Commonwealth Pacific, it is the primary hub of commercial activity within the Eastern Hemisphere. In 2017, it was deemed as the 86th largest export economy in the world, attaining a positive trade balance of US$5.35 billion.[9] Commodities such as LPG[10] (US$2.53 billion), gold (US$2.11 billion), copper ore (US$755 million), crude oil (US$633 million) and rough wood (US$588 million) are destined for Australian, Chinese, Dutch, Filipino and Japanese markets. Similarly, commodities originating from top import markets such as Australia, China, Indonesia, Malaysia and Singapore include refined petroleum (US$321 million), broadcasting equipment (US$128 million), delivery trucks (US$102 million), evacuation machinery (US$80.8 million) and crude oil (US$76.4 million).

Key development challenges

Key challenges include Papua New Guinea's weak institutional capacity and poor governance, which threatens to derail donor and investment opportunities, citizen security and social justice. Rising sea levels and temperatures as well as increased rainfall and likelihood of damaging cyclones constitute the main risks associated with climate change. Valuable crops such as coffee and cocoa are likely to become increasingly susceptible to pests and diseases such as coffee berry borer. To avert these risks, the government of Papua New Guinea is seeking to strengthen its institutions and coordination between them to encourage a greater diversity of agricultural activities to secure sustainable rural livelihoods.

Samoa

Country data	
Population (millions) (2017)	0.2
Area '000 km^2	2,831
GDP (US$, billion, 2018)	0.86
GDP per capita, PPP current international US$ (2018)	5,890
Currency	Tala or Samoan dollar (WST)

The Independent State of Samoa, referred to as Western Samoa until 1997, joined the Commonwealth in 1970. Samoa comprises two large volcanic islands, Savai'i and Upolu, the smaller islands of Manono and Apolima and several uninhabited islets in the south-western Pacific. Much of the archipelago's original tropical forest has been cleared over centuries, but around 700 km^2 survives in central Savai'i, which is home to most of Samoa's endemic species. Around 45 per cent of the total land area is cultivated, principally for coconut, as well as cocoa, coffee, bananas and taro.

Samoa's population was recorded as 194,320 in its 2016 census, around three-quarters of whom live on the island of Upolu. The capital, Apia, is home to around 40,000 people. Samoa's estimated population growth rate is 0.42 per cent per annum – the second lowest rate across the Commonwealth Pacific.

Economic performance

Samoa's economy has traditionally been dependent on subsistence agriculture, with cash crops, notably coconut and its by-products, coffee and cocoa grown for export. As such, it has been vulnerable to natural hazards, such as cyclones and crop diseases, and to fluctuations in world prices for commodities. Structural reforms in the 1990s encouraged diversification and boosted the private sector; a relatively stable financial and macroeconomic environment was established. Fisheries and tourism were developed – the latter now contributes more than 25 per cent of GDP. Remittances from Samoans living overseas, mainly in New Zealand, continue to be vital – they amounted to US$190 million in 2017/18, as the largest source of foreign exchange.

The economy's vulnerability to external shocks has again been demonstrated in recent years, with the closure of a key manufacturing plant Yazaki Samoa, the largest private sector employer, in 2017 and the devastating impact of Cyclone Gita in February 2018. Real GDP growth slumped to 1.0 per cent year on year in 2017 and contracted by 2.2 per cent in 2018, according to ADB. It picked up in the first half of 2019 and growth is expected to accelerate in 2020, driven by commerce, infrastructure spending and development of the transport and communication sector.

Prices, wages and employment

Headline inflation has been subdued in recent years and below the central bank's target of 3 per cent, but it ratcheted up to 3.7 per cent in 2017/18 amid rising food and fuel prices caused by Cyclone Gita combined with a one-off hike in education fees. It is expected to dip back below 3 per cent in 2019/20.

Based on 2017 national estimates, the unemployment rate in Samoa was 14.5 per cent and was generally skewed towards women in all age categories, particularly youth – at 21.3 per cent of the total labour force and 43.4 per cent within the 15–24 age category.

Samoa has made considerable progress in reducing poverty in the past decade, with improvements in the supply of drinking water to more remote villages. Around 18 per cent of the population lives below the poverty line, down from almost 27 per cent in 2008. The vast majority of people in rural areas work in the informal economy. Wages are low in tourism and hospitality and construction and relatively high in financial services. A recent government report recommends that the national minimum wage increase by 60 per cent in 2020, which would bring it into line with Fiji and Papua New Guinea.

Fiscal developments

The current account recorded a surplus of 2.3 per cent of GDP in 2017/18, compared with a deficit of 1.8 per cent of GDP in the previous year, mainly because of a temporary increase in transfers in the wake of Cyclone Gita. It is expected to revert to a mild deficit as transfers normalise, underlining the need for the government to strengthen the tax system and improve public financial management.

Samoa experienced a deterioration of its external risk of debt distress from moderate to high during 2017. External debt was estimated at 49.1 per cent of GDP in 2017. The IMF has recommended lowering the long-term debt to GDP target, and ensuring that newly contracted loans are consistent with the Medium-Term Debt Strategy. It also stresses the need to make progress in monitoring and disclosing fiscal risks, including from state-owned enterprises.

Trade developments

Despite economic reforms and trade liberalisation, Samoa has run persistent trade deficits. This reflects a deteriorating base of export commodities, in part because of increased competition and crop diseases and a lack of capacity to develop alternatives such as fisheries. This has led to an increased reliance on remittances and foreign development assistance. The trade deficit widened in 2017 and 2018, in part because of the closure of Yazaki Samoa, a key employer and exporter. Fisheries were the largest export category in 2017 (US$12.3 million) followed by refined petroleum ($US11.7 million), processed fruits and nuts (US$2.36 million) and sports equipment (US$1.99 million), destined primarily for New Zealand, Australia and the USA. Oil and mineral fuels are by far the largest import by value, followed by motor vehicles and parts, meat and electrical machinery. New Zealand, Singapore and China are the three largest sources of imports.

Key development challenges

Climate change, in the form of rising sea levels, increasing temperatures and more frequent and intense cyclones, poses the most significant challenge to Samoa's economy, which is heavily reliant on agriculture and tourism. About 70 per cent of Samoa's population and infrastructure is located in low-lying coastal areas. The country has adopted a whole-of-government approach to climate change adaptation in partnership with the United Nations Development Programme, focusing on women, youth and small businesses.

Tonga

Country data	
Population (millions) (2017)	0.1
Area '000 km^2	748; Tongatapu 256.
GDP (US$, billion, 2018)	0.47
GDP per capita, PPP current international US$ (2018)	6,111
Currency	Pa'anga or Tongan dollar (TOP)

Spread out across around 700 km^2 of the central south-west Pacific, the Kingdom of Tonga comprises 172 islands of varied volcanic and coral origins, 36 of which are inhabited. Much of the tropical rainforest that once covered the islands has been cleared, with the notable exception of the rugged Eua Island. Tonga's territorial waters are among the deepest in the Pacific.

In 2017, the population estimate was 101,998, with the country having attained an annual population growth rate of 0.89 per cent – the third lowest in the Commonwealth Pacific. Most Tongans (around 70 per cent) live on Tongapatu, the largest island and the location of the capital, Nuku'alofa. The republic ranked 98th out of 189 countries on the UN's 2017 Human Development Index, placing it in the high development category. The HDI value has increased steadily since 1990, reflecting improvements in education and GDP per capita. Life expectancy, however, has declined since 2012, dropping to an average of 67 years in 2017 amid an epidemic of obesity and diabetes.

Economic performance

Agriculture remains a key component of Tonga's economy, through a mixture of subsistence cultivation and cash crops, with squash, vanilla beans and yams the main exports. The republic is highly dependent on remittances, which account for around 26 per cent of GDP, one of the world's highest levels. Tourism has grown steadily, albeit from a low base; the sector contributed an estimated 11.5 per cent to GDP in 2017 – the second-largest source of foreign exchange. Visitor arrivals dropped back in 2018 – largely because of Cyclone Gita, a category 4 storm that struck Tongapatu in February, killing two people, injuring 400 and damaging more than 2,000 buildings, as well as crops and infrastructure across the island. The IMF estimates that the cost of the damage is equivalent to around 30 per of GDP.

Economic growth slowed to an estimated 0.4 per cent year on year as a result, well down on the 3.2 per cent annual average expansion in 2015–2017, and underlining the country's vulnerability to external shocks. Economic growth is expected to pick up to around 2 per cent year on year in 2019 and 2020, buoyed by considerable inflows of international development aid and strong remittances – mostly from Tongans living and working in New Zealand.

Prices, wages and employment

Tonga's dependence on imported fuel and food has made it vulnerable to fluctuations in prices. Headline inflation has tended to be higher than neighbouring nations, and it remained relatively high (at 5.3 per cent) in 2018 and 2019, linked to higher prices for popular foods including corned beef, chicken and mutton – imported from Australia and New Zealand.

Waged and salaried employees account for around 38 per cent of the workforce, with a slightly lower proportion self-employed and some 20 per cent unpaid family workers. The formal labour sector remains underdeveloped and labour regulations are not effectively enforced. Unemployment is high, especially on the smaller and more remote islands, at 16.4 per cent, according to the 2016 census. The figure depends on the definition, however – if it excludes those not looking for work, the rate drops to 1.0 per cent. Unemployment rates are estimated to be slightly higher for women than for men.

Fiscal developments

Tonga's fiscal situation gradually improved in the wake of the global financial crisis, amid improvements in domestic revenue collection and prudent policy-making. The outlook is challenging, however, with rising expenditure on infrastructure post-cyclone reconstruction expected to feed into fiscal deficits in 2019 and 2020. Storm damage has also necessitated new loans, notably from China – loans from there are estimated to account for over half of total outstanding debt. Tonga's public debt is expected to rise above 50 per cent of GDP in 2019, which the IMF sees as a warning threshold. The issue for Tonga, as with other small Pacific nations, is its remoteness and the difficulty of developing new income-generating sectors.

Trade developments

Heavily reliant on imports – primarily refined fuels and processed meat, as well as vehicles and electronic goods – and with limited diversity of relatively low-value exports (vegetables, processed fish and coconut products), Tonga frequently experiences large trade deficits. The current account deficit is estimated to have widened to 17.1 per cent of GDP in 2018, reflecting growing demand for construction materials to repair cyclone damage. The deficit is expected to gradually narrow in 2020 and 2021. Tonga's key export markets are Australia, Japan, New Zealand and South Korea.

Key development challenges

Strengthening Tonga's infrastructure to cope with high winds, flooding, landslides and tsunamis is a major development challenge. The country has developed a National Strategy Planning Framework to make its institutions more resilient and able to deliver more efficient public services. In 2019 Tonga joined the Pacific Islands Regional Oceanscape Programme, a multi-year regional initiative designed to help countries develop sustainable management of their coastal fisheries and the critical habitats on which they depend. Ecotourism, including activities such as diving and whale watching, has considerable potential in Tonga.

6.3 Least developed small states

Kiribati

Country data	
Population (millions) (2017)	0.12
Area '000 km^2	811
GDP (US$, billion, 2018)	0.19
GDP per capita, PPP current international US$ (2018)	2,140
Currency	Australian dollar (AUD)

Economic overview

Spanning more than 3.5 million km^2 of the equatorial Pacific, the Republic of Kiribati is one of the world's most isolated and sparsely populated nations. It gained independence in 1979 and encompasses three distinct archipelagos: the Gilbert Islands, the Phoenix Islands and the Line Islands. These comprise 32 atolls and one raised coral island amounting to a total land area of 811 km^2. The population in 2018 was estimated at 115,847, more than half of whom live on the atoll of Tarawa – one of the Gilbert Islands.

Kiribati is the poorest country in the Commonwealth Pacific, with an estimated GDP per capita (at PPP) of US$2,140 in 2018. The islands have few natural resources, and have struggled since the depletion of the phosphate mines on Banaba Island since the late 1970s, although the government still benefits from a sovereign wealth fund from phosphate receipts dating back to the 1950s. Fuel, most consumer goods and processed food are imported, often at high prices, owing to elevated transport costs from the key suppliers: Australia, China, Fiji and Japan. The nation is highly dependent on the sale of fishing licences – notably to Japan, South Korea and Taiwan – as well as remittances, foreign aid and tourism.

The economy has performed well in recent years, expanding by an average of 5.2 per cent year on year between 2015 and 2017, driven by record-high fishing revenue – mainly from Taiwan – combined with expanded donor-financed infrastructure investment. Kiribati's development of its fisheries resources is considerably higher than that of most of other Pacific nations, reflecting the sheer scale of its marine territory, which includes the migratory routes of valuable fish including skipjack tuna.

Economic expansion slowed in 2018 to annual growth of 2.3 per cent, amid a reduction in the sale of fishing licences. This is likely to rise again following the government's decision in September 2019 to terminate its diplomatic alliance with Taiwan in favour of formal diplomatic links with China.

Kiribati's fiscal situation improved in 2015 in line with the bonanza in fishing licences and moves to strengthen the tax base. This prompted much-needed public spending on infrastructure and development projects part-financed by international aid, including a seawater desalination plant, a solar farm and photovoltaic plant and improvements to the water supply in the capital, South Tarawa. Civil service wages were raised, which fed into a fiscal deficit equivalent to 20.1 per cent of GDP in 2018 – it is likely to persist in the short term.

Kiribati has run current account surpluses in recent years, although they are expected to narrow as fishing licence revenue diminishes while imports related to development spending remain high. The risk of debt distress remains high irrespective of the improved fiscal position, but the sizeable sovereign wealth fund limits the risk in the short term.

Key development challenges

Kiribati's low-lying atolls are highly vulnerable to sea-level rise, as well as the storm surges and damaging winds associated with more frequent and powerful cyclones. Coastal erosion and saltwater intrusion further jeopardise the country's integrity and agricultural potential. Rising oceanic temperatures and acidity levels may disrupt migration and spawning patterns of certain species of fish that have become key to the economy. The government will attempt to strengthen institutions, root out corruption and enable more investment in sustainable and potentially lucrative industries such as fish processing and IT.

Solomon Islands

Country data	
Population (millions) (2017)	0.66
Area '000 km^2	28,370
GDP (US$, billion, 2018)	1.42
GDP per capita, PPP current international US$ (2018)	2,242
Currency	Solomon Islands dollar (SBD)

Economic overview

Solomon Islands comprise six main islands and over 900 smaller islands scattered across 1.3 million km^2 of the western Pacific – the total land area is around 28,000 km^2. The larger islands are mountainous and forested, and contain a high level of biodiversity and endemism – 69 species of bird are found nowhere else in the world.

The population estimate for Solomon Islands stood reached 660,121 in 2018, with an annual population growth rate of 2.6 per cent – the highest rate across the Commonwealth Pacific. More than 100,000 people live on the largest island, Guadalcanal, the location of the capital city and largest port, Honiara. With average annual income estimated at US$2,242, Solomon Islands is the second-poorest nation in the Commonwealth Pacific, ahead of Kiribati. More than three-quarters of the population is engaged in subsistence farming and fishing and an estimated 25 per cent live in poverty – defined as surviving on less than US$1.90 per person per day. The country has nevertheless made considerable progress on poverty reduction since 2003, when a period of civil conflict was brought to an end.

Logging the tropical forest has driven economic growth in recent years, at a rate the World Bank has described as 'grossly unsustainable'. Annual GDP expansion peaked in 2012 at 13.2 per cent, amid a buoyant export market for timber in China and an upturn in Solomon Islands' extractive sector – notably Gold Ridge Gold Mine. The boom proved short-lived, with mining suspended at Gold Ridge in 2015 owing to severe flooding and a drop-off in logging bringing average economic growth rates down to around 3 per cent in 2015–2018. Gold Ridge was re-launched in October 2019 under Chinese ownership: Wanguo International, working with AXF Group and local landowners. This coincided with the government's decision to sever longstanding diplomatic links with Taiwan and forge ties with China. Other exports include coconut products, palm oil and bauxite, with considerable potential for other minerals such as zinc and nickel as well as fisheries.

Exports continue to be outweighed by imports, with the current account deficit widening to 4.2 per cent of GDP in 2017 and to 6.4 per cent in 2018. It is expected to widen further in 2020 and beyond, amid rising investment in construction and infrastructure (such as the Tina hydropower project, financed by aid and concessional borrowing), increasing import costs and a weakening currency. The main imports in 2017 were refined petroleum (amounting to US$88.7 million), electric filaments (US$45.7 million), rice (US$40.7 million), construction vehicles (US$20.7 million) and cars (US$13.1 million) mainly originating from Australia, China, Malaysia, New Zealand and Singapore.

The fiscal situation has worsened in recent years, with elevated spending on tertiary scholarships, shipping grants and constituency developments funds and slow progress on reforming the tax system. The fiscal deficit reached 3.8 per cent of GDP in 2017, and is estimated to have remained at close that level in 2018. The IMF has warned about cash reserves dwindling to zero in 2021 if fiscal buffers are not swiftly rebuilt.

External debt[11] stood at US$100 million (7.6 per cent of GDP) in 2017, held with the International Development Association (IDA) (29 per cent) and ADB (36 per cent). The DSA indicates that the external risk to debt distress remains moderate. Given the territory's low development status, all external debt indicators remain well below the relevant baseline threshold scenario[12] of 35 per cent. Noting such, DSA suggests there is substantial pace to absorb shocks, yet this comprises inherent limitations in cash flow, rising domestic expenditures and a low cash flow balance. As a result, an environmental shock, in line with the historic experience of Solomon Islands, could cause significant deterioration in debt sustainability.

Overall, the framework seeks to limit the public debt to GDP ratio to 35 per cent in nominal terms with a debt service to domestically sourced revenue ratio set at of 10 per cent. In addition, the government set an annual target of SDB462 million it its 2018 budget.

Key development challenges

Solomon Islands are highly vulnerable to natural disasters in the form of cyclones, sea-level rise, saltwater inundation, landslides, volcanic eruptions and tsunamis. These risks have been exacerbated in recent years by climate change and soil erosion as a result of rapid deforestation in places where governance has been weak or non-existent. Strengthening the country's institutions is essential to rebuilding fiscal buffers and enhancing resilience against exogenous shocks. The National Development Strategy 2016–2035 aims to reduce extreme poverty and promote shared prosperity across three broad and interrelated pillars: 1) strengthening the foundations of well-being; 2) achieving inclusive and sustainable growth; and 3) managing uneven development.

Tuvalu

Country data	
Population (millions) (2017)	0.11
Area '000 km^2	0.026, although the atolls extend in a chain 595 km long
GDP (US$, billion, 2018)	0.05
GDP per capita, PPP current international US$ (2018)	4,052
Currency	Australian dollar (AUD); Tuvaluan dollar

Tuvalu[13] comprises nine atolls and low-lying islands in the western central Pacific. Formerly known as the Ellice Islands, it was renamed Tuvalu in 1975 and became an independent Commonwealth nation in 1978. The total land area comprises just 26 km^2, with an exclusive economic zone covering an oceanic area of around 900,000 km^2. In 2017, Tuvalu's population was estimated at 11,192, with an annual growth rate of 1.3 per cent. Most inhabitants reside on the largest island, Funafuti.

Economic performance

In terms of population, Tuvalu is among the smallest countries in the world. It has very limited resources and most people practise subsistence fishing and agriculture. The main sources of income are fishing licences, remittances (especially from sea workers and those living in New Zealand), small-scale copra exports, sale of postage stamps and coins, sale of passports and resale of rights to international telephone codes (initially to the sex industry and subsequently for gambling). Imports persistently outweigh exports, typically led by refined fuels, followed by iron structures, fishing strips, refined copper and gravel and crushed stones.

Tuvalu's economy has performed well in recent years, with annual GDP growth rising to 3.2 per cent in 2017 and an estimated 4.3 per cent in 2018, amid strong revenue from the sale of fishing licences and infrastructure and housing projects ahead of the 2018 Polynesian Leaders Summit and the Pacific Forum Secretariat in 2019. The elevated capital expenditure fed into a fiscal deficit equivalent to 4 per cent of GDP in 2017, which is expected to widen to around 5 per cent in the short to medium term.

Deficits are financed by a combination of the Consolidated Investment Fund (CIF), the Tuvalu Survival Fund and public debt. A sovereign wealth fund known as the Tuvalu Trust Fund, established by the government along with those of Australia, New Zealand, the UK, Japan and South Korea in 1987, makes distributions to the CIF when the TTF's balance exceeds its 'maintained value' – a baseline that is adjusted in line with Australia's consumer price index. In 2018, the fund remained broadly stable, valued at around 315 per cent of GDP.

Nevertheless, Tuvalu's debt trajectory is highly vulnerable to exogenous shocks owing to the country's remoteness, its reliance on fishing and remittances and the potential for natural disasters. Weak institutions and banks continue to limit the scope of private sector activity and the DSA finds that Tuvalu remains at a high risk of debt distress.

Key development challenges

Tuvalu is among the countries most at risk from sea-level and coastal erosion rise linked to global warming. Most of its islands sit barely 3m above the ocean and two of the nine atolls are in danger of being inundated during storms. Strengthening physical defences, homes, public buildings, water supplies and waste management will be essential. Future governments will also need to build resilience in institutions such as banks and the tax system to enable the economy to become more diverse and sustainable. The government's ambitious National Strategy for Sustainable Development is receiving international assistance from Australia, New Zealand, ADB and the World Bank.

Vanuatu

Country data	
Population (millions) (2017)	0.28
Area '000 km^2	12.19
GDP (US$, billion, 2018)	0.93
GDP per capita, PPP current international US$ (2018)	2,862
Currency	Vatu (VUV)

Vanuatu, a Y-shaped archipelago located in the south-western Pacific around 800 km west of Fiji, comprises 40 mountainous islands and 40 islets of volcanic and coral origin. Formerly known as the New Hebrides, the archipelago became an independent nation in the Commonwealth in 1980. Its land area equates to 12,190 km^2 and the country claims an exclusive economic zone of 680,000 km^2. Vanuatu's population was estimated at 276,244 in 2017, with an average growth rate of 2.1 per cent – among the highest in the Commonwealth Pacific.

The economy is based predominantly on subsistence agriculture and fishing, combined with cash crops (coconut products, cocoa, coffee and timber). Other exports include non-frozen fillet fish (amounting to US$70.5 million in 2017), marine towage and salvage (US$70 million), molluscs (US$8.18 million) and perfume plants (US$7.97 million). The top export destinations are China, Japan, Mauritania, the Philippines and South Korea. Imports are dominated by refined petroleum (US$38.8 million in 20917), poultry meat (US$6.83 million), baked goods (US$6.72 million), broadcasting equipment (US$6.13 million) and delivery trucks (US$5.4 million) originated mainly from Fiji, New Caledonia and Solomon Islands.

Financial services played an important role from the 1970s – contributing 12 per cent of GDP by the late 1980s – but the sector diminished in the wake of tighter anti-money laundering legislation in the 1990s. A prolonged strike by public sector workers in 1993/94 and subsequent dismissal of all those involved plunged the country into crisis, which was only resolved when ADB agreed (in 1997) to financial support in return for a commitment to comprehensive structural reforms, including reducing the public sector, tighter fiscal control and boosting exports. Tourism is an increasingly important sector, with 109,000 visitor arrivals in 2017, which contributed 18.2 per cent to GDP according to the World Travel and Tourism Report (2017). This places Vanuatu second among Pacific nations (after the Cook Islands) in terms of the relative economic importance of tourism.

Like the other Commonwealth Pacific nations, Vanuatu's economy is highly vulnerable to shocks such as rapid price rises for essential imported goods such as refined petroleum and natural disasters.

It also suffers from weak institutions with a limited capacity to build resilience and a reliance on overseas aid and remittances. The economy is gradually recovering from widespread damage to housing, infrastructure and crops caused by cyclone Pam in March 2015.

GDP growth slowed to 3.2 per cent in 2018 but it is expected to continue to expand at around that rate in the next few years, buoyed by the sale of fishing licences, rising tourism receipts and donor-funded economic assistance programmes. Modest fiscal and current account deficits are expected to widen, however, as spending on infrastructure picks up. External public debt has risen sharply since 2015, in line with reconstruction work after Cyclone Pam, which affected 70 per cent of the population and required extensive support from international development partners. Public debt reached 51.3 per cent of GDP in 2018 and will probably rise further in 2019 and 2020. The IMF expects external debt will breach the government's 60 per cent of GDP target by 2025.

Key development challenges

Primary concerns include maintaining a safe and reliable water supply and, more broadly, strengthening the country's infrastructure to cope with rising sea levels and the risk of more frequent and stronger cyclones. Like other Commonwealth Pacific countries, Vanuatu intends to build greater resilience into its institutions – improving efficiency, curbing corruption and strengthening the banking system to provide a platform for investment and sustainable development. Vanuatu should benefit from the upcoming PACER plus free trade agreement with Australia, New Zealand and other Pacific island states. As members start cutting tariffs (assumed to be from 2022), Vanuatu would experience cheaper imports, which should stimulate consumption. Vanuatu Tourism Office, Air Vanuatu and the Vanuatu Airports Authority have elaborated a 'shared vision' for tourism, intended to raise the number of annual visitor arrivals to 300,000 by 2030. The main target markets are Australia, New Zealand, China and Japan.

Special focus: Climate change in the Pacific region

Climate change represents the greatest challenge facing the global community. The inherent characteristics of developing countries – particularly small island developing states (SIDS) and least developed countries (LDCs) – such as small size, remoteness, fragmentation and dispersion, vulnerability to natural disasters and external shocks, limited adaptive capacities and high debt burdens mean they are affected disproportionately.

Many Pacific SIDS face an existential threat in the coming decades – most graphically from losing low-lying land to rising seas, but more insidiously by the loss of fresh water – as islands' aquifers become contaminated by saltwater. Findings from the Fifth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC, 2014) indicate there will be an increase in the frequency and intensity of tropical storms (cyclones) in the region, with devastating consequences for life, housing, crops and infrastructure.

Ironically, Pacific SIDS are responsible for just 0.03 per cent of the world's carbon dioxide emissions, and the average island resident produces only one-quarter of the emissions of the average person worldwide (Hay, 1999).

On 30 July 2019, the Pacific Islands Development Forum, including Fiji, Kiribati, Nauru, Solomon Islands, Tonga, Tuvalu and Vanuatu, came together at Nadi Bay, Fiji, and declared a climate change crisis in the Pacific. The Nadi Bay Declaration reiterated the stark warnings of the IPCC Special Report on limiting the global temperature to 1.5 degrees Celsius above pre-industrial levels and the Special Report on oceans and cryosphere. 'The science warns of the real possibility that coral atoll nations could become uninhabitable as early as 2030', it declared, adding that, by 2100, coral atoll nations, including Kiribati and Tuvalu, could be submerged. The Declaration called for 'urgent actions by all countries to fully implement their Kyoto Protocol and its amended GHG [greenhouse gas] emissions reduction targets, as well as to meet their NDCs [Nationally Determined Contributions] under the Paris Agreement.' It also urged fossil fuel producers to put an end to fossil fuel development and to manage the decline of existing production.

With SIDS projected to lose approximately 20 per cent of their capital stock each year in disasters (UN-ORHRLLS, 2015, p. iv) and the estimated global cost of inaction amounting to 5 per cent of their GDP by 2050 (Stern, 2007; UN-ORHRLLS, 2015), concerted efforts must be taken to avert current and future climatic risks. Disaster risk reduction calls for knowledge-sharing through collaborations at the local, national, regional and international scales and data collection based on relevant climate information. It is therefore imperative that Pacific SIDS use the resources at their disposal, whether intra-regionally or extra-regionally sourced; implement country-specific and/or localised disaster management policies and approaches to enhance resilience; and adopt measures that not only respond to changing global pressures but also consider the needs and concerns of disadvantaged groups.

6.4 Key development challenges

On 30 July 2019, the Pacific Islands Development Forum convened at Nadi Bay in Fiji and declared a climate change crisis in the Pacific. The science, country representatives argued, suggested that rising seas and more frequent storms could render low-lying atolls uninhabitable as soon as 2030 – their shorelines eroded and freshwater supplies contaminated by seawater. Beyond the existential threat to coral atolls, hillier and more forested Pacific islands face severe challenges from a combination of natural disasters such as cyclones, earthquakes, floods, droughts and issues linked to land management and weak institutional capacity, such as deforestation, soil erosion, loss of biodiversity and urban sprawl.

From an economic standpoint, price volatility in the global market will negatively affect economic growth and erode developmental achievements – especially as it relates to attainment of the SDGs. This, coupled with the existence of limited diversification in livelihood opportunities within the main productive sectors such as agriculture and tourism, will limit the region's adaptive capacity to cope with exogenous shocks. On the regional scale, persistently low levels of economic growth will hamper productivity, increase operating costs and result in job losses as governments and business seek to minimise expenditure.

Inherently weak institutions with low technical and financial capabilities, low levels of government effectiveness and a general disregard for the rule of law will erode public confidence in the political sphere and potentially rekindle instances of factionalism that have marred the political process in the region.

Widely dispersed and highly inaccessible communities predominate in the Pacific archipelagos, which means nations are vulnerable to delays and price rises for imported goods. Maintaining food security, safe and reliable water supplies and health and education services can be challenging for under-resourced authorities in normal circumstances, and especially so in instances of natural hazards and extreme weather events.

Four of the nine Commonwealth Pacific states are classified as LDCs, given the disadvantageous outcomes arising from their development processes, for various structural, historical and or geographical reasons. They face high levels of unemployment, poverty and social deprivation and hence require substantial assistance from the international community in sectors such as education and training and institutional capacity-building.

International initiatives such as the Barbados Programme of Action and the SIDS Accelerated Modalities of Action (SAMOA) Pathway seek to address these challenges and to offer some resolution to these issues across the Commonwealth Pacific.

6.5 Policy priorities

Noting the key development challenges identified, policy priorities for the Commonwealth Pacific should be in consensus with nationally and regionally determined objectives and closely aligned with internationally agreed initiatives such as the Barbados Programme of Action, the SAMOA Pathway, the SDGs and the 2030 Agenda for Sustainable Development.

To date, most Commonwealth Pacific member countries[14] have made several strides towards attainment of the SDGs via their incorporation into sectoral and subsequently national development policies.

The adoption of the National Development Plan for Vanuatu[15] emphasises the government's commitment towards not only national development goals and policy objectives but also the 17 SDGs and the 2030 Agenda. The framework includes a monitoring and evaluation component to track SDG progress. Strides have been made towards SDG 4: Quality Education, SDG 5: Gender Equity, SDG10: Reducing Inequalities, SDG 13: Climate Action and SDG 16: Peace, Justice and Strong Institutions.

Emphasis on SDGs has been also articulated in the Kiribati Development Plan 2016-2019. Coupled with the formulation of national indicators, this tracks SDG progress within the public and private sectors, civil society and non-governmental organisations. Concerns regarding a general lack of alignment with some national, regional and global indicator sets have been raised. Significant strides have been made towards SDG 3: Good Health and Well-Being, SDG 4: Quality Education, SDG 5: Gender Equality and SDG 8: Decent Work and Economic Growth. Even though significant advances have been made in education and employment, Kiribati is plagued by a series of water and health challenges,[16] particularly related to children under five and maternal mortality rates, as well as high incidence of tuberculosis and gender-based violence.

In conjunction with the government of Nauru's National Sustainable Development Strategy, a Voluntary National Review was conducted to promote efficiency and effectiveness within governmental processes and procedures. This involved the selection of baseline benchmarks and quantifiable indicators. The government, though aware of the synergies between the National Strategy and international frameworks, experienced financial, institutional and technical challenges: only 26 per cent of the milestones were achieved. However, Nauru has made strides towards SDG 3: Good Health and Well-Being, SDG 13: Climate Action, SDG 14: Life Below Water and SDG 16: Peace, Justice and Strong Institutions. To date, treatment of non-communicable diseases represents a substantive proportion of the national budget and generalised health standards are poor. Rates of enrolment in education have improved; however, incidence of truancy and retention and pass rates are still concerning.

Similarly, Tonga launched its Strategic Development Plan 2015-2025 alongside a Voluntary Review mechanism. Strides have been made towards SDG 3: Good Health and Well-Being, SDG 4: Quality Education, SDG 5: Gender Equality, SDG 7: Affordable and Clean Energy, SDG 10: Reduced Inequalities, SDG 8: Decent Work and Economic Growth, SDG 13: Climate Action and SDG 16: Peace, Justice and Strong Institutions.

The launch of the five-year and 20-year National Development Plan in 2017 in Fiji provided a holistic approach towards sustainable development for the republic. Significant strides have been made towards SDG 1: No Poverty, SDG 4: Quality Education, SDG 5: Gender Equality, SDG 10: Reduced Inequalities, SDG 13: Climate Action, SDG 14: Life Below Water, SDG 16: Peace, Justice and Strong Institutions and SDG 17: Partnership for the Goals.

In 2014, the government of Samoa conducted a preliminary assessment of its overarching policy in an attempt to highlight any existing synergies and gaps between the National Strategy for the Development of Samoa (2012-2016) and the SDGs at the sectoral and subsequently national levels. The National Strategy was generally closely aligned with SDG goals and targets and ongoing efforts in addressing some SDGs.[17] However, concerns regarding the attainment of SDGs 1-6[18] within a specified timeframe were raised.

Notes

1 These include Antigua and Barbuda, The Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Jamaica, Saint Lucia, St Kitts and Nevis, St Vincent and the Grenadines, Suriname and Trinidad and Tobago.

2 These include Malta, Mauritius and Seychelles along with Iceland and other African, European and Indo-Pacific small states.

3 No estimates for the proportion of the population aged 65 years and over were available for Nauru and Tuvalu.

4 No estimates for average life expectancy were available for Nauru and Tuvalu.

5 No estimates were available for Nauru and Tuvalu.

6 In terms of Debt Sustainability Analysis (DSA), the external risk to debt distress for most small states in the Commonwealth Pacific has increased from moderate to high owing to an amendment in the debt sustainability analysis methodology, which now incorporates the average annual effects of natural disasters in medium-term growth, fiscal and current account balances projections.

7 This is based on the premise that a single short-lived breach of debt service to revenue ratio is discounted.

8 At the regional level, these include MSGTA, PICTA, the South Pacific Regional Trade and Economic Cooperation Agreement (SPARTECA), Asia Pacific Economic Cooperation, the Economic Partnership Agreement and the WTO. Given the territory's long-standing ties with Australia, the following bilateral arrangements were put in place: the Papua New Guinea-Australia Trade and Commercial Relations Agreement II; the Agreement for the Promotion and Protection of Investment; the Double Taxation Agreement; and the Torres Strait Treaty.

9 The top export destinations of Papua New Guinea are Australia (US$2.54 billion), Japan ($2.23 billion), China ($1.94 billion), the Philippines ($362 million) and the Netherlands ($319 million). The top import origins are Australia ($1.14

billion), China ($768 million), Singapore ($441 million), Malaysia ($325 million) and Indonesia ($174 million).

10 Papua New Guinea is the leading exporter of refined petroleum in the Commonwealth Pacific.

11 Classified as public and public guaranteed debt.

12 The revised DSA methodology incorporates average long-term effects of natural disasters on growth, fiscal balance and current account balance.

13 No estimates were available for the HDI, life expectancy at birth and mortality rates.

14 No current information was obtained related to SDG progress for the following Commonwealth Pacific states: Papua New Guinea, Solomon Islands and Tuvalu. These territories are scheduled to undertake Voluntary National Reviews in 2020.

15 Commonly referred as Vanuatu 2030: The People's Plan.

16 Under-five and maternal mortality rates are the highest in the Pacific Rim.

17 These include SDG 7: Affordable and Clean Energy; SDG 8: Decent Work and Economic Growth; SDG 9: Industry, Innovation and Infrastructure; SDG 13: Climate Action; SDG 14: Life Below Water; SDG 15: Life on Land; SDG 16: Peace, Justice and Strong Institutions; and SDG 17: Partnerships for the Goals.

18 These include SDG 1: No Poverty; SDG 2: Zero Hunger; SDG 3: Good Health and Well-Being; SDG 4: Quality Education; SDG 5: Gender Equality; and SDG 6: Clean Water and Sanitation.

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