

## New Approaches Needed to Increase Employment in Pacific Island Countries: World Bank

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New strategies are needed to address growing employment challenges in Pacific island countries, says a report released today by the World Bank. The report, "Wellbeing from Work in the Pacific Island Countries, warns that increasing employment opportunities, especially for women and youth, will be critical for the sustainability of Pacific island economies, as populations grow, the number of young people increases, and people increasingly concentrate in urban areas. Over half of Pacific Islanders are under the age of 24 - the highest youth population of any region in the world. Meanwhile in some countries up to 58 percent of young people are estimated to be out of work, not in education or in training. This increases their risk of poverty and countries risk of social unrest. The 10 countries studied in the report are all among the worlds 50 smallest and most remote nations, which poses distinct challenges for job creation, said Tobias Haque, Economist for the Pacific Islands at the World Bank and lead author of the report. "Innovative solutions are needed from governments and partners if economies are to meet the employment aspirations of Pacific people. The report offers four key policy recommendations to increase employment opportunities and the wellbeing people can expect from work: Look beyond business-environment reforms. Business-environment reforms alone are unlikely to address employment challenges in smaller Pacific countries given the constraints to private sector development arising from smallness, dispersal, and isolation. A broader range of policy measures must be considered. Increase opportunities for international labor mobility. Easing regulatory barriers to mobility between small Pacific countries and larger regional economies, and investing in transferrable skills and education for Pacific workers could provide significant wins for development. Embrace urbanization while managing the risks. Urbanization presents opportunities for achieving economies of scale in production, supporting employment creation. Sound urban administration and broad access to urban services and infrastructure can help harness the employment-creation benefits of urbanization, and facilitate womens access to employment. Leverage public spending to create high quality employment opportunities. Ensuring that public sector employment is productive and sustainable is often a more appropriate goal than reducing the number of public sector jobs. Donor agencies and governments should also work to ensure that the domestic economic impact of public expenditure is maximized to support local employment creation. The report specifically highlights the important role that international labor mobility has played in providing productive work and critical income for thousands of Pacific Islanders, and outlines significant potential for expansion and improvement of the Australian Seasonal Worker Program. The ability of Pacific Islanders to work overseas provides a "win-win scenario for both sending and receiving countries, said Haque. "Migrant workers can access higher incomes in Australia or New Zealand than would ever be possible at home, while remittance flows are providing critical income for many Pacific island economies. At the same time businesses in Australia and New Zealand have also benefitted from access to a productive, highly reliable workforce. The report estimates that remittance flows from an expanded Australian scheme, if it became comparable in size, proportionally, to New Zealands Recognized Seasonal Employer (RSE) program, could provide the equivalent of 10 percent of GDP across participating countries - which is 60 percent of these countries current aid flows. This would provide vastly significant gains for development and a major boost to living standards for participating households. The expansion of temporary worker schemes could provide very significant economic benefits for participating countries, especially if they could reach the regions more remote and poorer nations, and offer women greater opportunities to take part, Haque added. New Zealands RSE and the Australian Pacific seasonal worker schemes provide opportunities for Pacific Islanders to undertake seasonal work in areas where labor is scarce, particularly in the horticulture industries. About the report "Wellbeing from Work in the Pacific Island Countries was released today at an event at the University of the South Pacific. The report presents policy recommendations for improving employment opportunities in 10 countries: Kiribati, the Marshall Islands, the Federated States of Micronesia, Palau, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu. It has been published as a companion piece to the "East Asia Pacific At Work: Employment, Enterprise and Wellbeing regional report, launched in Jakarta on May 8, 2014. The World Bank  
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