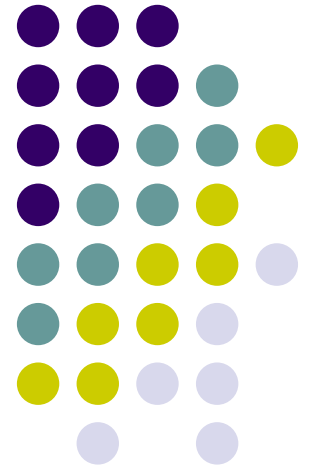


# “What Works” in Development

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Workshop for Staff of Regional Civil Society Organizations  
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# Contents of this module



- Development in the Pacific – current status
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# Development in the Pacific

## – current status



- The development performance of the PDMCs over the past decade has been mixed. Modest growth and social progress have been evident for a few, but minimal progress has been made in many PDMCs and a measurable decline in key economic and social indicators has occurred in some. In most PDMCs, outcomes have been less than hoped for by governments, the people, and development partners, underperforming targets set in development plans.
- There are significant differences among the economic circumstances and performance of the PDMCs. To some degree, these differences are growing. However, the most common picture is one of disappointing economic growth since the period of macroeconomic and fiscal reforms in the mid- to late 1990s. In six of the 14 PDMCs, economic growth is not keeping pace with high rates of population growth, so per capita incomes are declining, quite steeply in a few cases. Conversely, a few countries have achieved GDP per capita growth averaging about 3% per annum since 1995.

# Development in the Pacific

## – current status (continued)



- Although data are unreliable, more than 25% of the population are believed to be living in poverty in eight countries.
- Social indicators present a distinctly mixed picture in the Pacific. Human development indicators and human poverty indicators show wide disparities among the countries, with the lowest-ranking PDMCs at similar levels to some of the least-developed countries in the world. In other PDMCs, human development levels are relatively good. Several PDMCs are not on track to achieve the Millennium Development Goals (MDGs).
- The Pacific faces natural constraints that contribute substantially to these problems of economic and social development. However, internal constraints related to the quality of policies and institutions are also highly significant.
- Notwithstanding some success stories, many Pacific islanders and development partners are therefore searching with greater urgency for appropriate solutions to the development challenges facing the people and countries of the region.

From: [\*Responding to the Priorities of the Poor: A Pacific Strategy for the Asian Development Bank 2005-2009\*](#)

# Guidelines for a better Pacific



- 1. Promoting people in the Pacific**
- 2. Caring for the environment**
- 3. Supporting good governance**
- 4. Encouraging economic growth and keeping prices stable**
- 5. Providing quality services with public funds**
- 6. Encouraging international trade**
- 7. Helping business to help people**

Source: a commentary prepared in the course of an earlier ADB RETA (which is not at this stage a final ADB document)



# 1. Promoting people in the Pacific

- Ensuring equal access of people at all levels of society to good education, quality health services, jobs and other income generating opportunities, and “social protections” such as pension plans, is essential to successful national development in Pacific island countries.
- People’s participation in development planning needs to be strengthened to achieve better development policy and outcomes.



## 2. Caring for the environment

- Poor practices in managing natural resources have affected subsistence lifestyles, and hurt national development goals in tourism, fisheries and forestry.
- With half to two-thirds of the population in many island nations now living in urban areas, problems of access to clean water and proper disposal of sewage and solid waste have also become critical problems in need of solutions.
- In order to improve the quality of life for island populations as well as maintain the foundation for future development, the concept of “environmental sustainability” needs to be brought to the forefront of government policy making.
- Countries in the region need to develop and expand systems for incorporating environmental issues into the development planning process so that future development and economic growth become sustainable.



### 3. Supporting good governance

- In measuring success in achieving “good governance”, two key aspects are: 1) transparency, accountability, and measures to tackle corruption in the public sector; and 2) the quality of public administration.
- To bring about a high-degree of transparency and accountability in government, there is a need for a combination of monitoring and enforcement, public access to government documents and information about decisions, an independent media, and ethical standards for leaders and public servants that are followed.
- To develop quality public administration requires coordination among government departments, monitoring of public service operations to promote efficiency, hiring and promotion based on qualification and performance, and a sustainable government payroll that does not undermine the capacity to meet other costs of service delivery or the private sector’s ability to hire qualified employees.

## 4. Encouraging economic growth and keeping prices stable



- Following a series of crises in the region in the mid- to late-1990s, Pacific developing member country governments are now more aware of the importance of macroeconomic and fiscal soundness, especially as the public sector comprises a large proportion of most of their economies.
- The development strategies in most Pacific countries now emphasize economic growth, equal delivery of services and benefits to all sectors of their populations, and the importance of the private sector.
- A theme running through these policy guidelines is the need for Government to communicate with the public about financial, debt and development policies so that the public is well-informed on policy decisions and directions, and therefore has the ability to play an active role in helping the Government to shape effective policies that promote economic growth and price stability.

## 5. Providing quality services with public funds



- Quality government budgeting and financial management, efficient tax collection and administration, government spending that is fair and targeted to reduce poverty, and audits and evaluations that measure performance in meeting government priorities, are essential elements for Government to provide quality services that address the needs of vulnerable populations.
- Linking accountability measures, poverty reduction policies and tax system reform with the national budgeting process makes it possible to ensure that the needs of vulnerable populations are adequately addressed. This combination of actions can assist Governments to deliver quality services with public funds.



## 6. Encouraging international trade

- As Pacific markets are small, expansion to other markets through exports can foster economic growth. Openness to trade with other countries also brings more choices of goods that Pacific islanders can obtain at lower cost, benefiting consumers. Similarly, local businesses benefit in sourcing their inputs.
- But much needs to be done by Governments in the region to increase opportunities for trade and to improve laws, policies, and administration that impact on trade.
- Laws and policies that reduce restrictions on trade (both imports and exports), keep import duties low, allow local and foreign products to compete freely, and maintain consistency in tariffs, play an important role in improving the environment for trade in the Pacific. The other extremely important area for encouraging trade is customs operations, which in some countries remain a bottleneck to private sector trade and development.
- A trade-friendly environment is not enough, however. Governments must also change the way they support both local and foreign entrepreneurship.



## 7. Helping business to help people

- Pacific island nations face significant natural barriers to developing their private sectors. Domestic markets are small and far from major world markets. Also, transportation is costly and often unreliable. However, these problems are often made worse by government policies and institutions that thwart business dynamism.
- In the Pacific, employment in government or public enterprises is a major factor in the economy. Unfortunately, as Governments are usually ill-suited to run businesses, public enterprises more often than not provide poor services.
- Government policies that lower the cost of doing business and encourage business activity need to be in place to let the private sector flower. Just as important for encouraging competition and allowing markets to run smoothly is the enforcement of a legal and regulatory framework that protects property rights and ensures the smooth functioning of contracts and similar agreements.

# “Best practice” for achieving economic and social development



- Adapted from the World Bank’s “Country Policy and Institutional Assessment” (CPIA), which the Asian Development Bank (ADB) and other agencies also use
- Presented as a reference guide in matrix form

# Headings and Subheadings of the “Country Policy and Institutional Assessment”



- A. Economic Management
  - 1. Macroeconomic Management
  - 2. Fiscal Policy
  - 3. Debt Management
- B. Structural Policies
  - 4. Trade
  - 5. Financial Sector
  - 6. Business Regulations
- C. Policies for Social Inclusion and Equity
  - 7. Gender Equity
  - 8. Equity of Public Resource Use
  - 9. Building Human Resources
  - 10. Social Protection and Labor
  - 11. Policies and Institutions for Environmental Sustainability
- D. Public Sector Management and Institutions
  - 12. Property Rights and Rule-Based Governance
  - 13. Quality of Budgetary & Financial Management
  - 14. Efficiency of Revenue Mobilization
  - 15. Quality of Public Administration
  - 16. Transparency, Accountability, and Corruption in the Public Sector

# Examples of best practice in economic management



- Fiscal policy supports macroeconomic stability
- The amount, kind, and quality of public goods and services is enough to support medium-term growth
- Public spending and public borrowing do not crowd out private investment
- Amount of public debt is not difficult to support and will not be difficult even under reasonable scenarios of possible economic shocks
- Legal framework for public borrowing is clearly defined, and the different agencies responsible for contracting debt share their information

# Examples of best practice in structural policies



- No discrimination on tariff rates among public or private entities within country
- Customs has reputation for professionalism and integrity
- Supervision of financial institutions is good
- Low interest rate spreads
- Vast majority of the population has access to banking and other formal-sector financial services
- Business licensing, permits, and inspections are streamlined to facilitate business activity
- Good legal framework exists to address anti-competitive conduct, and that legal framework is enforced consistently
- Procedures to register property are simple, low cost, and fast

# Examples of best practice in policies for social inclusion and equity



- No major differences between enrollment rates of females and males in primary and secondary education
- Methods of raising public revenue are aligned with national poverty reduction priorities
- Universal access to appropriate preventive and curative health services. Services are client-focused and of good quality
- National education strategy, policies, and standards, and both public and private resources, support a basic education system of high quality that is available to all
- Programs provide income support to poor and vulnerable groups
- Labor market regulations and policies balance social protection and job creation objectives in accord with economic circumstances and country values
- Communities control a significant portion of total public resources for implementing community-level policies and programs
- No subsidies provide incentives to harm the environment

# Examples of best practice in public sector management and institutions



- All property rights are transparent and well protected
- Legislature reviews budget reports and audit findings and takes appropriate action
- Import tariffs are low and relatively uniform
- Tax administration is effective and entirely rule-based
- Hiring and promotion are based on merit and performance
- The civil service wage bill is sustainable and does not crowd out spending required for public services, debt repayments, and other government commitments
- Citizens can readily obtain government documents at nominal cost
- Both private media and state-owned media (if any) are independent of government influence and fulfill critical oversight roles
- Rules for ethical behavior, including the avoidance of conflict of interest, are observed and enforced