



Independent Evaluation of the Vanuatu Country Programme

Sustainable Economic Development in Vanuatu

Key findings from Sapare Research Group

Key questions to consider

- Why does sustaining economic development involve promoting social inclusion?
- What are among the key social inclusion issues in Vanuatu?

Sustainable Economic Development in Vanuatu

A common goal for donors world-wide is promoting sustained economic development in partner countries. New Zealand's support for Vanuatu is no exception.

Sustainable economic development should be considered from a social alongside environmental and resource depletion perspective. This is key to the maintenance of stability.

The need for inclusive economic development is highlighted by recent events in the Northern Hemisphere. Post-colonial history of developing countries, including some in the Pacific, also shows us the need for inclusivity at the risk of political instability.

What is inclusive economic development?

Inclusive economic development occurs when benefits of increased prosperity are felt by all social groups. Political instability can threaten sustained economic development, meaning sustainability is at risk without inclusivity.

Current rates and levels of economic development risk being lower if it is not inclusive, as it does not build on potential contributions from all social groups. Put another way, economic development can be lower if some groups are not entirely free to participate in the economy.

In the Vanuatu context, two issues arise with respect to inclusivity.

Gender bias in Vanuatu

The first is gender bias. This is a profoundly disturbing issue in Vanuatu. It not only a pressing social issue, but also economic which seriously limits Vanuatu's economic development potential.

Statistics never adequately capture the plight of women. However, they are indicative of gender issues in Vanuatu.

- The United Nations Gender Inequality Index ranks Vanuatu 131st out of 187 nations.
- The 2012 Women's Economic Opportunity Index ranked Vanuatu 106 out of 128 countries; it was the third highest ranked Pacific Island country.
- Rates of domestic and sexual violence are among the worst in the world. Sixty percent of all women in relationships have been beaten, a rate that is among highest in the world.
- It is estimated that approximately 60% of male prisoners in Vanuatu were incarcerated as a result of a sex crime perpetrated on a woman.
- Only 3% of women aged 24 years and over have completed tertiary education and
- No women were elected to Parliament in 2014.

Characteristics of the Vanuatu economy

The second issue relates to fundamental characteristics of the Vanuatu economy. Vanuatu essentially has two economies:

- a modern, predominantly urban economy located in and around its two urban centres, Port Vila, in Efate and Luganville, in Espiritu Santo and
- a more traditional economy located in rural areas outside of these urban centres, including relatively remote islands (recalling that Vanuatu consists of 83 islands, of which around 65 are inhabited).

Three quarters of Ni-Vanuatu live in rural areas. Eighty percent of the country depends on agriculture for their livelihoods. *Available data tells us that those Ni-Vanuatu living in rural areas have lower living standards than those living in urban areas.*

Future focus for inclusive growth

Violence against women must be countered and female economic opportunity needs to be significantly increased. There is a strong case for increased mainstreaming for female economic opportunity into international donor support, but for that to be successful direct interventions are required to address the former.

Donors need to address gaps between the rural and urban economies if economic development is to be inclusive. This is not to say that urban areas should be ignored. It is important that the modern and traditional economies are linked, so that progress in one leads to progress in the other. A focus on agri-tourism can provide the link between the two. This need not involve a situation in which the modern economy absorbs the traditional economy so that the latter ceases to exist. *An informed and influential observer has commented that, with reference to inhabitants of the informal economy, “not everyone in Vanuatu wants economic development”.* Yet economic development can benefit these inhabitants without fundamental changes in desired ways of living.