



THE PACIFIC ISLAND ECONOMIES

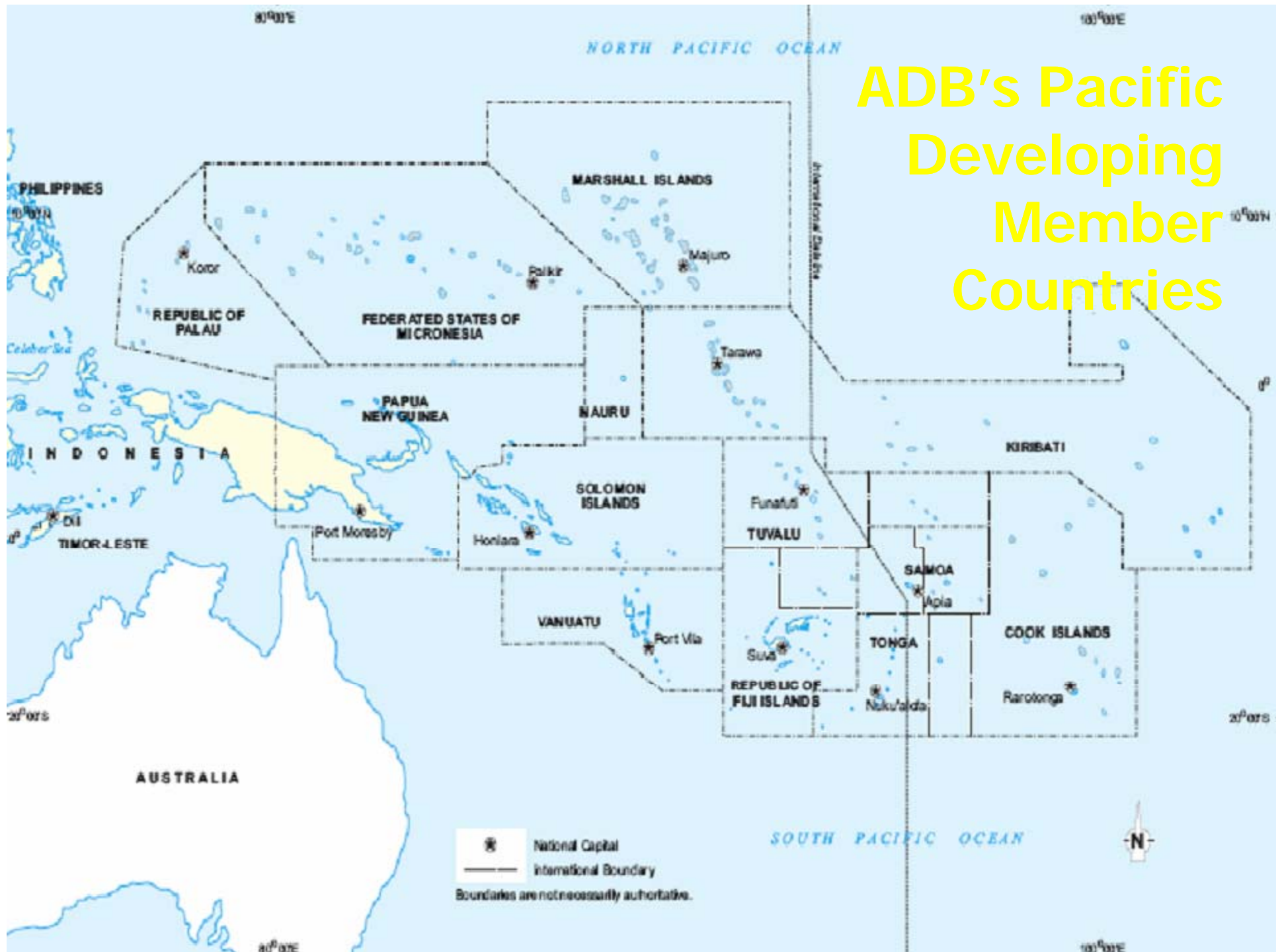
7th Annual Pacific Region Investment Conference

Mandarin Oriental, Manila
19 October 2007

Craig Sugden
Rashiel Velarde
Pacific Regional Department

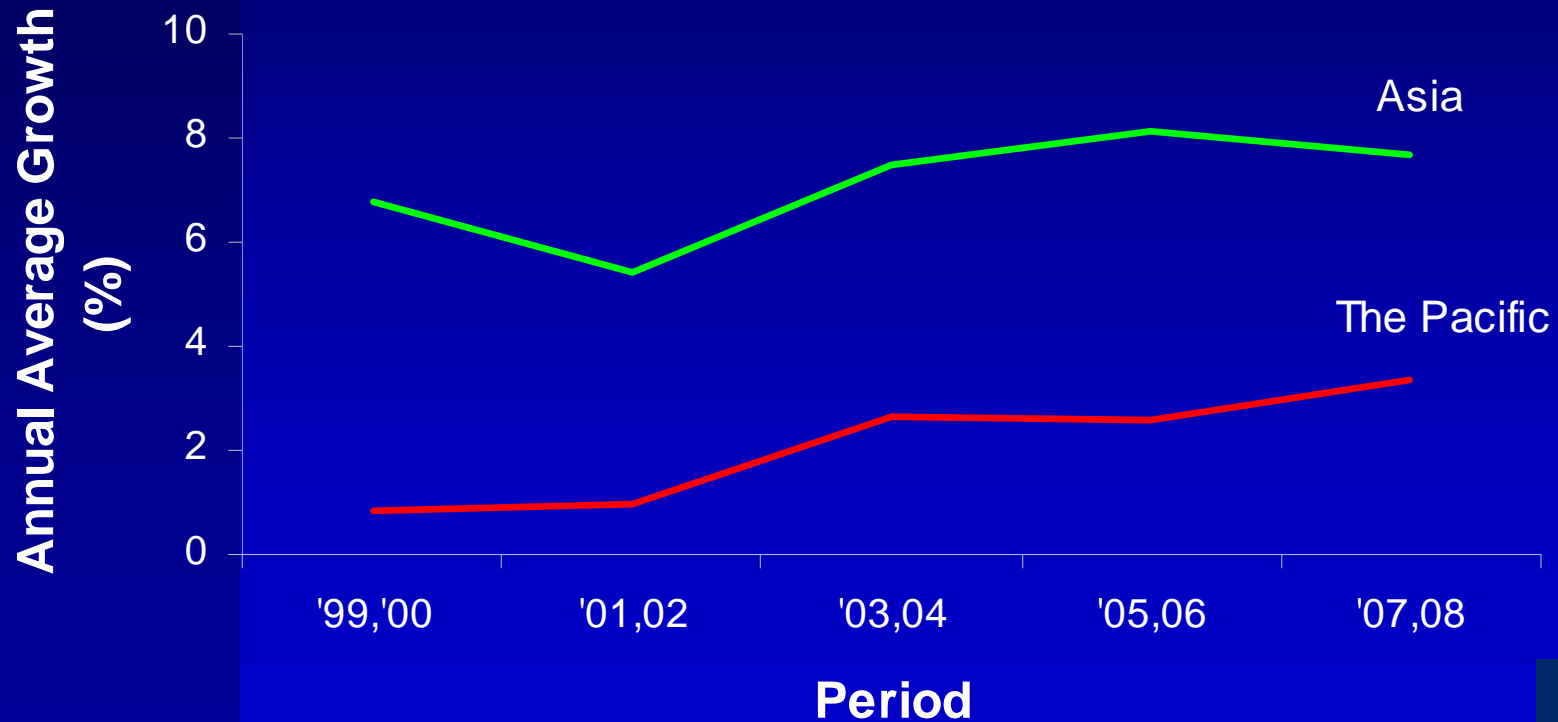
ADB

ADB's Pacific Developing Member Countries



Comparative growth performance

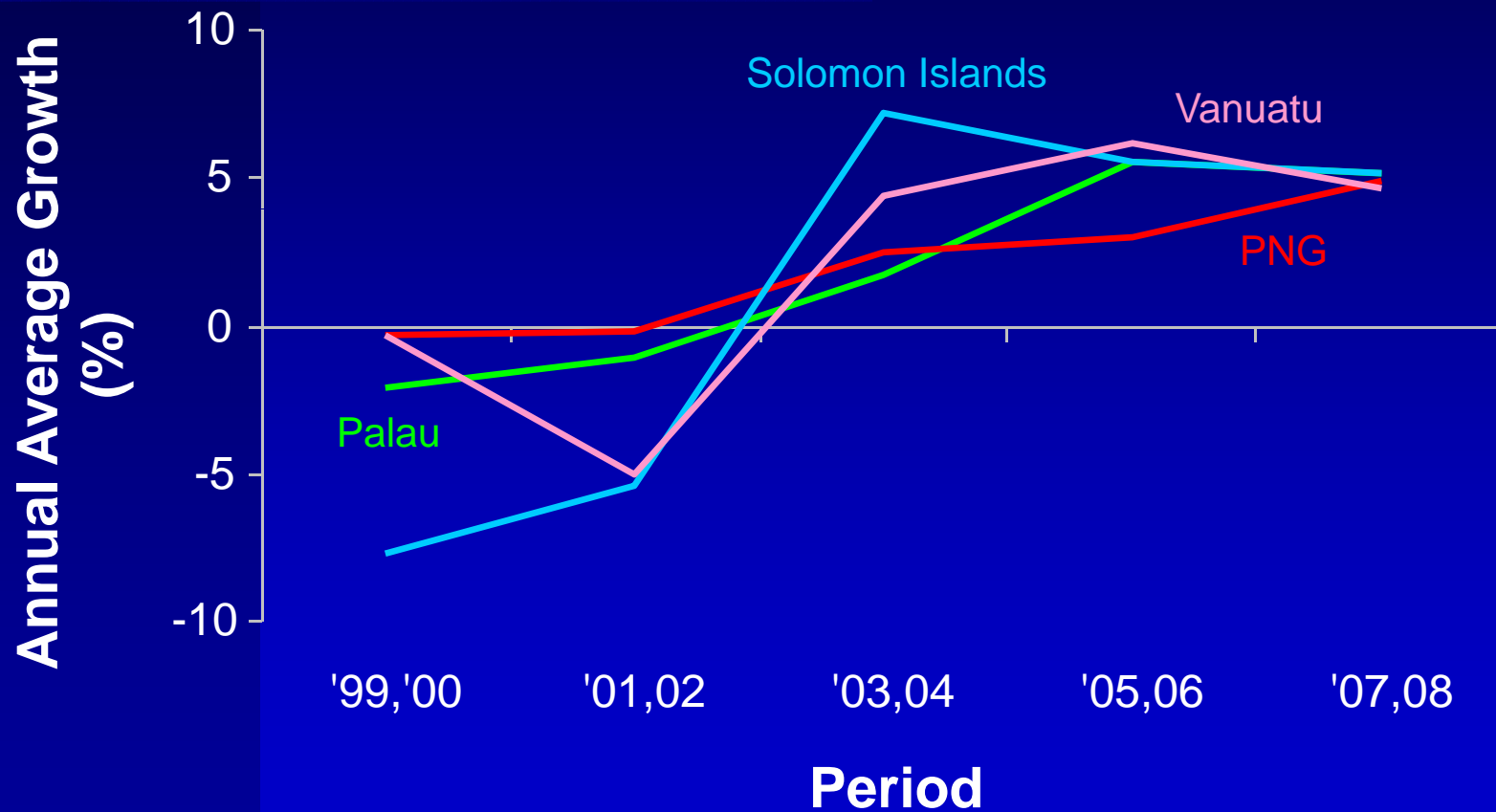
Growth in Real GDP per Capita



Source: ADB

ADB

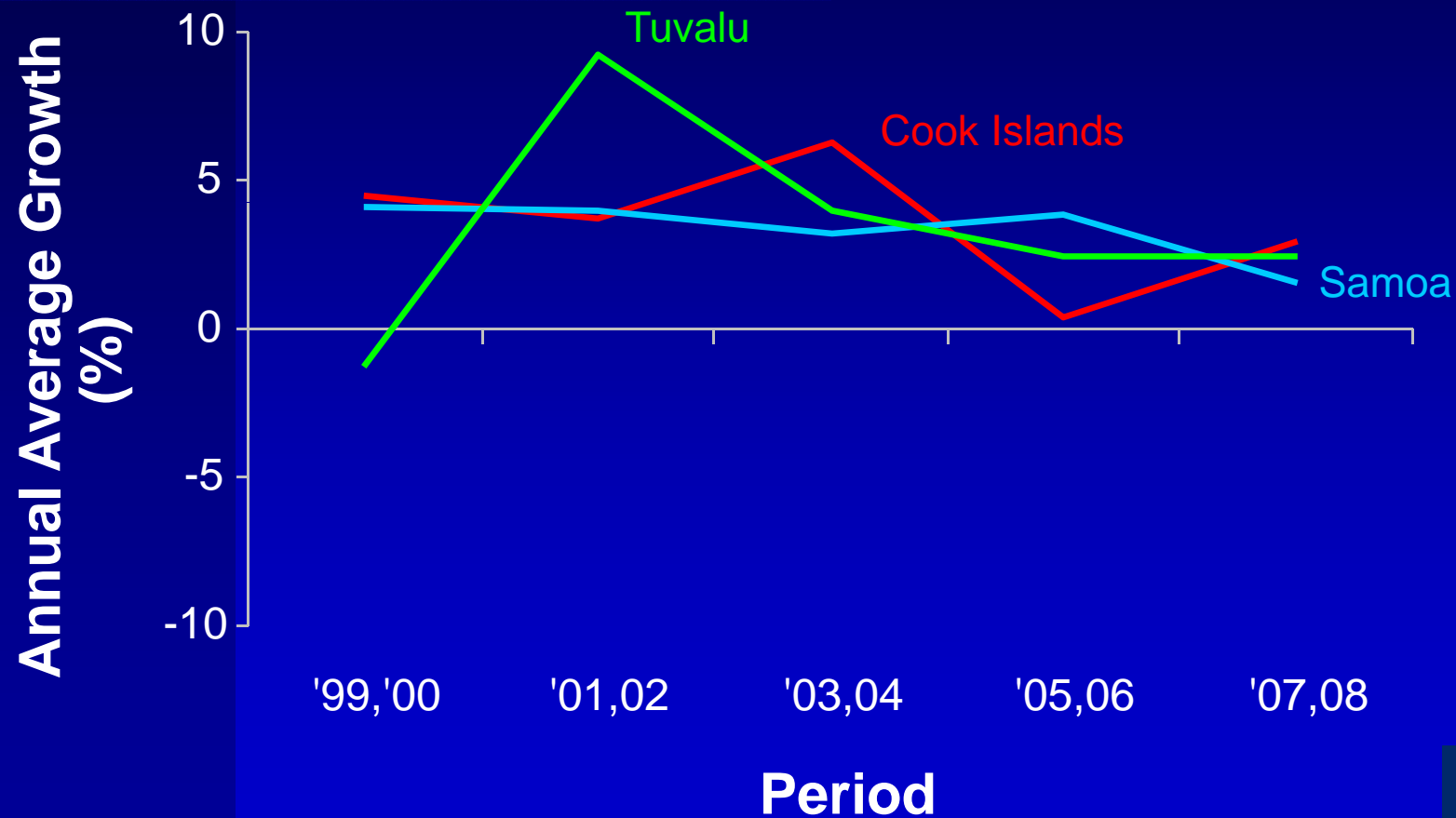
The recent recoveries



Source: ADB

ADB

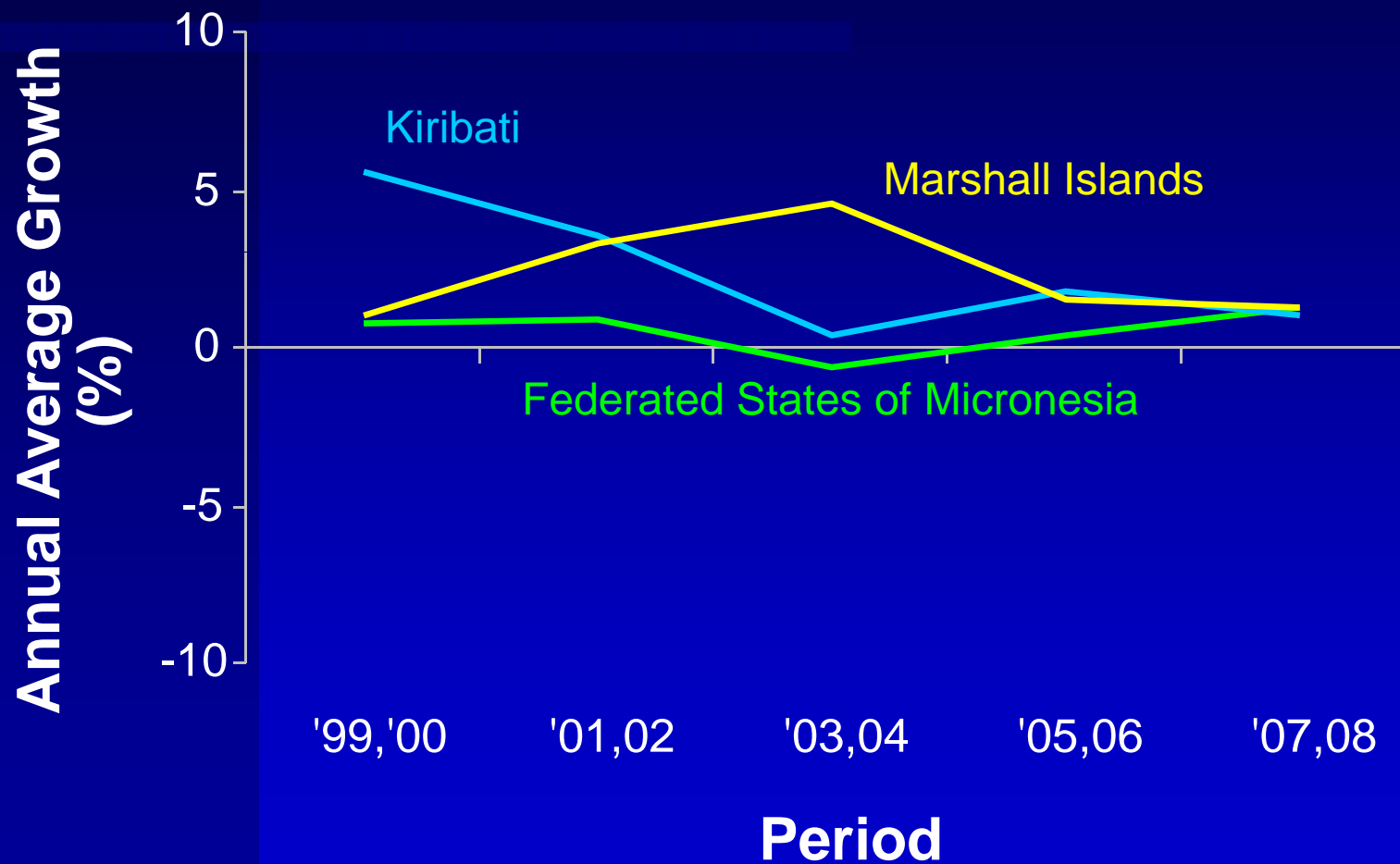
The 'tiring' travelers



Source: ADB

ADB

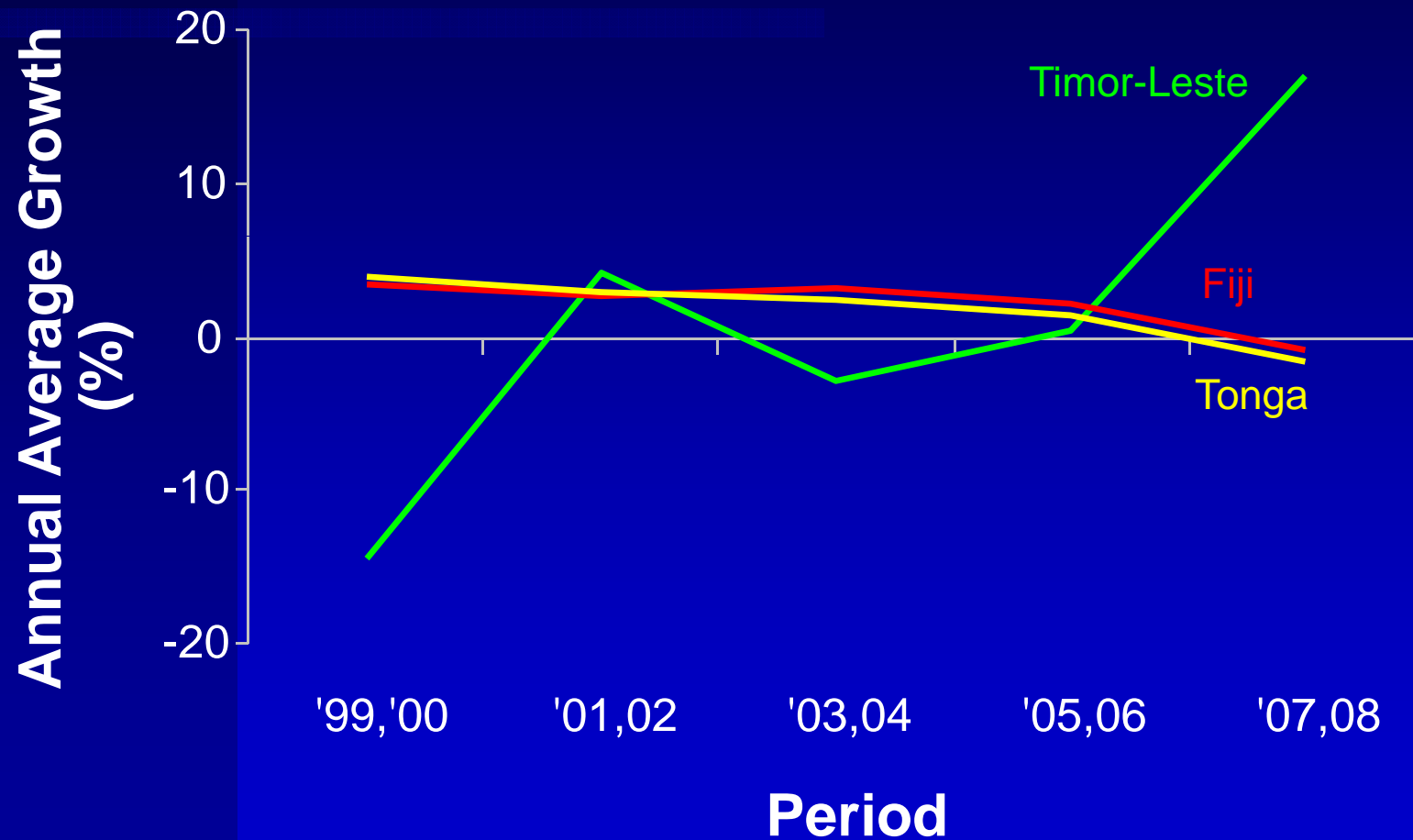
The 'gentle' travelers



Source: ADB

ADB

The 'troubled' travelers

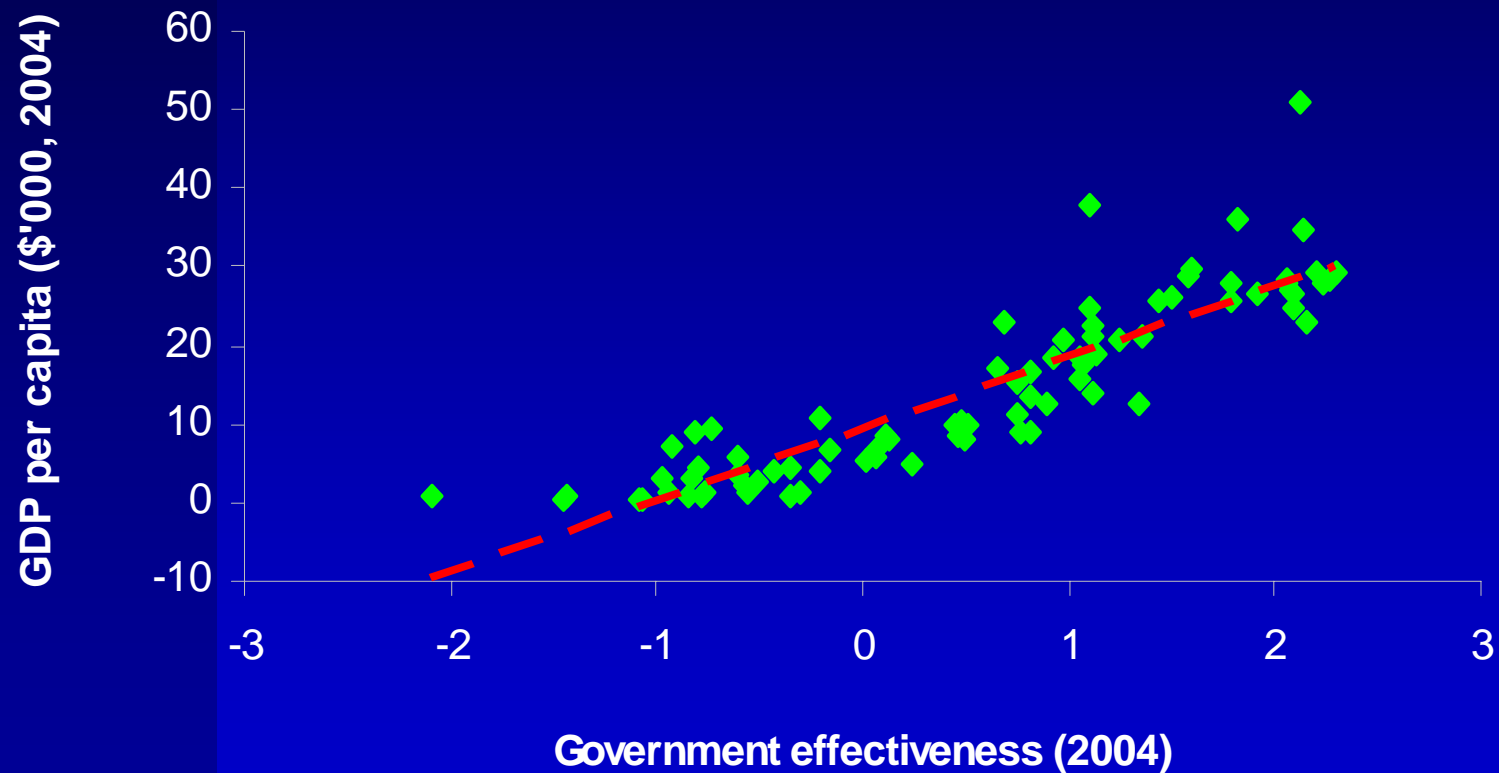


Source: ADB

ADB

Governance matters

The international experience

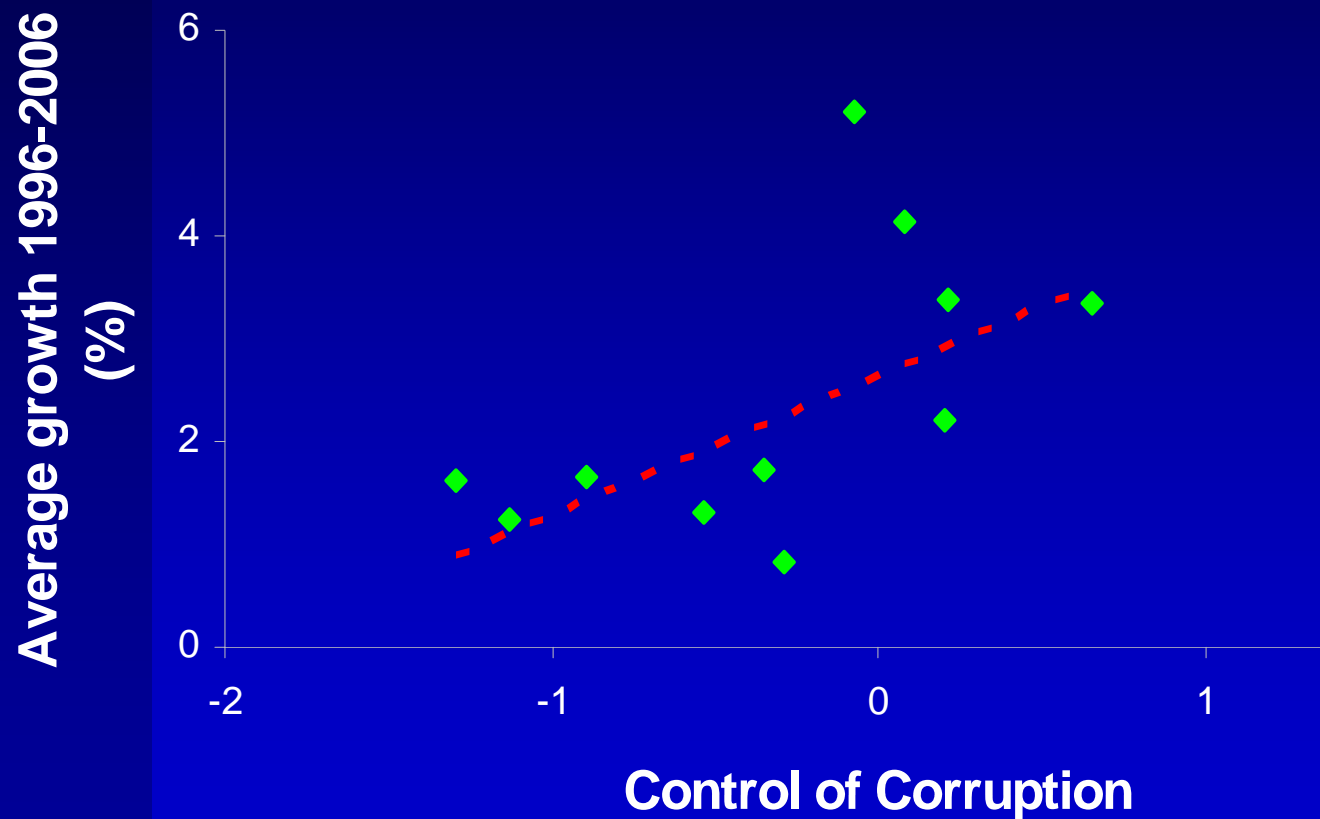


Source: World Bank

ADB

Governance matters

The Pacific experience

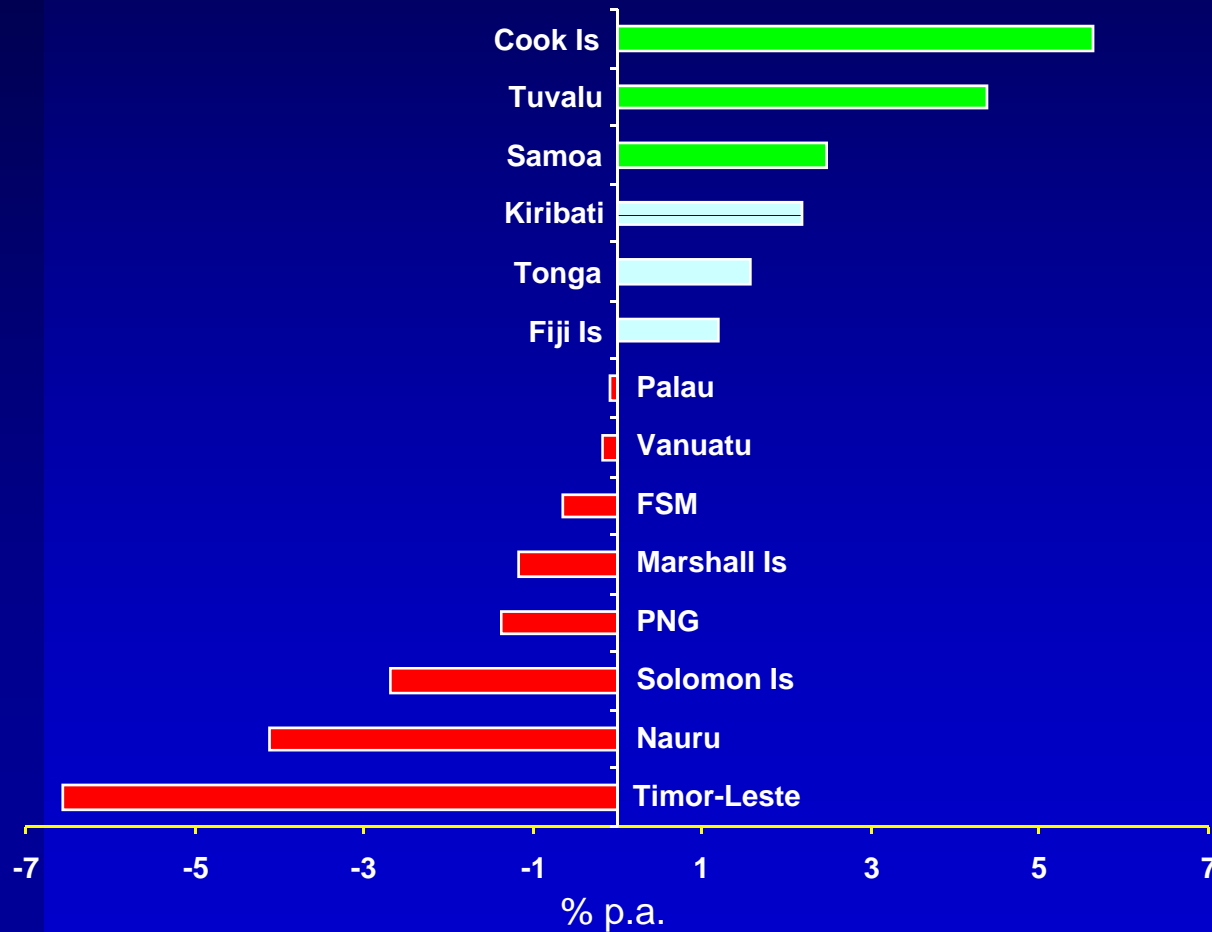


Source: World Bank

ADB

Governance and growth

Growth in per capita GDP (most recent 10 year period)



Source: ADB and UN Stats

ADB

Causes of poor governance in the Pacific

- Poorly developed systems
 - Inadequate capacity building
 - Weakness in policy formulation
 - Lack of ownership of reforms
 - Potentially too complex
- Tensions between traditional and modern systems
 - community sharing vs corruption
 - “Overgovernment”



Causes of poor governance in the Pacific

- Weak links between people and government
 - Poor information dissemination
 - Lack of voice





Economic Prospects

- The Pacific island economies can grow
 - When private sector led
 - And allowing for foreign investment
- But there is a deep inertia in some of economies

Economic Prospects

- Tourism, remittances, offshore investments and offshore fishing provide potential sources of growth



Regional Needs

- **IMPROVED GOVERNANCE**
- Physical infrastructure
 - Populations are growing
 - Under-investment is lowering productivity
 - Some environments are under pressure
- Essential social services
- Private sector friendly environments

