



# Public sector reform and capacity building in small island developing states

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## Question

*What evidence or lessons have emerged from development practice on building government capability (including public sector reform) in small island developing states?*

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# 1. Summary

Small Island Developing States (SIDS) experience capacity constraints relating to their small size, remoteness and dispersion (in the case of island archipelagos), which impinge on the quality of the public sector (Horscroft, 2014; Mycoo & Donovan, 2017). This rapid literature review summarises the evidence on public sector reform and capacity building initiatives in SIDS. Overall, the evidence indicates that the success of public sector reforms and capacity building programmes in SIDS is modest. However, some useful lessons emerge from the implementation of E-government in the Seychelles, pooled service delivery in the Pacific and regional collaboration in the Caribbean and Pacific.

This rapid literature review finds that there is limited evidence on the effectiveness of public sector reforms or capacity building initiatives undertaken in SIDS. The available evidence focuses on Pacific island states and there is very little literature on public sector reform or capacity building on SIDS in other regions. Most of the evidence was obtained from case study analysis of public sector reform and capacity building in the academic literature. The Commonwealth Secretariat produced case studies on Samoa and Seychelles. The policy literature was reviewed, but tended to focus on articulating the capacity constraints faced by SIDS, rather than evaluating initiatives that address these constraints or recommending strategies to enhance the capacity of SIDS.

The lessons learned with regard to public sector reform are summarised below:

- The public sector in SIDS was initially considered to be bloated and inefficient by the World Bank (Horscroft, 2014). However, literature that is more recent acknowledges that small states invest considerable financial and human resources relative to their GDP in order to deliver public services to small populations (Everest-Phillips & Henry, 2018). Moreover, the public sector is the main employer in many SIDS and compensates for low capacity within the private sector (Hassall, 2018).
- New public management reforms, which focused on rightsizing the public sector, were introduced in the 1990s. There is little evidence on the success of these reforms, although Hassall (2018) suggests that they were generally resisted. Hence, the public sector remains relatively large in many SIDS.
- The public sector in SIDS is not independent and is compromised by political interference, patronage politics and ethnic affiliations. These tendencies coupled with other socio-cultural characteristics are not suitable for establishing the Weberian model of the public service which emphasises individual merit and neutrality (Everest-Phillips & Henry, 2018);
- Devolution had limited success in the Cook Islands. Consequently, many public sector functions were recentralised (Glassie, 2018).
- The electronic government (E-government) initiative in the Seychelles was very successful in overcoming the challenges pertaining to scale and remoteness. Seychelles is recognised for having the most successful E-government in Africa (Commonwealth Secretariat, 2016). The key success factors included strong political will, executive leadership from the office of the Vice President, effective communication between government and the public, a partnership between the domestic government, development partner and service provider, high levels of literacy and political stability.
- Performance management has been partially successful in Vanuatu (Lapi, 2018). In the Solomon Islands the performance management approach clashes with sociocultural

norms and there is little will to implement the system within the public sector (Glassie, 2018). Performance management type reforms were introduced in Tuvalu, but there is no evidence on their effectiveness (Oppong, 2016).

- Anticorruption reforms were undermined by capacity constraints in the Solomon Islands and failed in Vanuatu (Everest-Phillips & Henry, 2018; Glassie, 2018).
- Reforms aimed at improving horizontal and vertical coordination in Papua New Guinea achieved limited success (Devesti, 2018). These reforms were hindered by unwillingness among the central coordination agencies to collaborate with each other, patronage relations within the public service, and resistance from some government departments to work with the coordination agencies. Similar reforms were introduced in the Solomon Islands where it is anticipated that robust political support and the establishment of a central ministries coordinating committee bodes well for successful implementation (Glassie, 2018).
- In Samoa the implementation of public sector reforms was hindered by low levels of institutional capacity, Nevertheless, the reforms resulted in growth rates of 3-4% (Commonwealth Secretariat, 2016).

This rapid review identified two capacity-building initiatives that have been implemented in SIDS: regional collaboration and pooled service delivery. In addition, there are other capacity-building initiatives which focus on responding to climate change. The key lessons learned from these initiatives are summarised below:

- Regional collaboration has been effective in the Caribbean and the Pacific with respect to providing higher education, preparing joint trade policy positions, knowledge sharing and climate change adaptation (Robinson & Gilfillan, 2017);
- Regional organisations play an important role in coordinating policies relating to climate change adaptation and disaster risk management (Chittoo, 2011);
- In the Pacific pooled service delivery has been effective for non-commercial services, especially when these are not adequately provided by national governments or the private sector (Dornan & Newton Cain, 2013);
- Pooling has been effective in the following sectors: higher education, fisheries, trade negotiations, trade and tourism promotion and public sector auditing (Dornan & Newton Cain, 2013);
- Pooling has not been effective for bulk procurement or commercial services (Dornan & Newton Cain, 2013);
- Some pooling initiatives are dependent on donor funding (Dornan & Newton Cain, 2013);
- The main obstacles that curtail the effectiveness of pooled service delivery and regional collaboration are conflicts of interests among member states, inadequate consultation and fear of loss of sovereignty (Dornan & Newton Cain, 2013);
- The Commonwealth Secretariat and the OECD support capacity building relating to climate change. More funding should be provided for building resilience; and
- There is a positive association between effective governance and lower death tolls from natural disasters (Sjöstedt & Povitkina, 2017).

The literature did not make specific reference to issues relating to gender or disability.

## 2. Background

Small island developing states (SIDS) constitute 57 countries spread across three regions: (1) the Caribbean, (2) the Pacific and the Atlantic and (3) Indian Ocean, Mediterranean and South China Sea (AIMS) (Robinson & Gilfillian, 2017). There is considerable differentiation among SIDS with regard to income levels, population densities, geographic spread and levels of development (Cardoso, 2012; Mycoo & Donovan, 2017). There are 22 high income countries while 35 are eligible for Official Development Assistance (ODA) (OECD, 2015). However, SIDS share some key characteristics, which pose challenges for governance and the delivery of public service (Chittoo, 2011; Hassall, 2018; Oponng, 2016):

- Shocks in the developed markets have more impact on SIDS, because they have a greater exposure to international trade;
- Greater communication challenges with the broader world;
- Small skills base;
- Smaller populations experienced more challenges with achieving the millennium development goals;
- Overreliance on one industry (e.g. tourism in the Cook Islands),
- Vast distances between islands in the archipelago;
- The private sector is generally small and dependent on the state for subsidies, preferential treatment and access to external markets;
- The private sector is not able to take advantage of economies of scale for the production of goods and services;
- The fixed costs of providing public services have to be spread across a smaller population; and
- Transport costs on imports further inflate the input costs faced by the public sector while also increasing the cost of production for the private sector;

There is very little literature that links development to the unique characteristics of SIDS (Everest-Phillips & Henry, 2018; Oponng, 2016). Chittoo (2011) notes that the literature on SIDS generally views smallness as a shortcoming, but contends that there are some benefits of smallness: for example, small states can avoid bureaucratic rigidities. Furthermore, SIDS are affected by political characteristics that are found in other developing countries and have a negative influence on governance such as patronage politics (Everest-Phillips & Henry, 2018). Most SIDS have established Public Service Commissions, but they are not independent and are subject to political influence (Glassie, 2018). Other institutions, such as legislatures, also lack independence and are not able to provide adequate oversight of Public Service Commissions. The public service becomes an instrument of politics and patronage and, thus the prospects for good governance are curtailed (Hassall, 2018).

In general, SIDS are more reliant on ODA than other developing countries (OECD, 2015). Bank lending, direct investment and portfolio flows constitute a smaller share of external finance among SIDS compared with the least developed countries (LDCs), as well as lower middle-income countries (LMICs). Only upper middle-income countries (UMICs) are more reliant on remittances than SIDS (OECD, 2015).

## The public sector in SIDS

The academic literature on small states concurs that they require relatively large public sectors, because they are unable to take advantage of economies of scale in public administration (Horscroft, 2014). The provision of public goods and services requires a minimum scale. For example, physical infrastructure such as ports are required even if they only service a small number of ships for a limited season. Small states therefore have fewer opportunities to take advantage of economies of scale when providing public goods or services. Economies of scale cannot be attained for about 20% of local government activities, which require large capital investments such as providing water and sewerage services, transport and energy infrastructure, court services, consular services, defence services, legislative functions and general policy-making work (Chittoo, 2011). Moreover, small states where the population is highly dispersed or territorially divided, such as island archipelagos, may encounter more public functions, which are not subject to economies of scale, than other small states. Hence, it is expected that public administration will be more costly in small states which are islands (Horscroft, 2014). However, there is considerable diversity in terms of population size, per capita income levels and the size of the public sector among small states (Horscroft, 2014).

Horscroft (2014) notes that Pacific Island Countries (PICs) that have larger public sectors tend to be those which are very small and have a higher degree of remoteness and dispersion. In contrast the PICs with smaller public sectors tend to be those with larger populations and less remoteness or dispersion.

### 3. Public sector reform in SIDS

Oppong (2016) notes that there is very little evidence on the effectiveness of public sector reforms undertaken in SIDS. This rapid review found the following case studies of public sector reform initiatives in SIDS. Most of the cases are from the Pacific islands and the review did not find case studies from other regions, other than the Seychelles.

#### Rightsizing the public sector

A number of SIDS in the Pacific experienced public sector reform in the 1990s as part of an overall economic recovery programme. There was a strong perception that the public sectors in Pacific island states were bloated and hence “crowded out” private sector activity (Horscroft, 2014). For example, a World Bank report published in 2005 claimed that the large public sectors in these countries, especially state-owned enterprises, were “crowding out” the private sector and undermining economic growth. In Samoa the reforms focused on privatisation and rolling back state owned enterprises (Commonwealth Secretariat, 2016). In Tuvalu there were attempts to downsize the public sector as well as to integrate Weberian norms of governance with more traditional Tuvaluan practices (Oppong, 2016). Likewise, the public service in the Cook Islands was generally perceived as over staffed and inefficient (Glassie, 2018). The literature does not provide specific evidence on the success of these reforms. However, more recently the World Bank has recognised that public sectors are major employers and there is now more interest in boosting their productivity rather than reducing jobs (Hassall, 2018).

## Devolution in the Cook Islands

After the financial crisis in the 1990s, the devolution of administrative functions to island governments was proposed for the Cook Islands (Glassie, 2018). However, there was little consideration of whether the island governments were capable of handling the new challenges and whether they had the capacity to manage their financial, human and infrastructure resources without relying on the central government in Rarotonga. Consequently, several functions which were devolved were soon re-centralised including aspects of education, health and police and justice. Overall only agriculture and infrastructure remained as island responsibilities (Glassie, 2018)

Further devolution policy guidelines were developed using a more consultative approach with the outer islands. The legislation that was needed to complete the devolution process was drafted 13 times and entailed 19 versions (Glassie, 2018). After many delays and debates it was passed as the Island Government Act of 2012–13. In terms of the act, islands are governed by a council comprising an elected mayor, elected island councillors and elected representatives from each village. The council is expected to discuss and agree on local policies before plans of actions are developed and submitted to the island administration for implementation. Implementation is supervised by a Council Executive Officer who is in charge of the island administration and reports to the council through the mayor. Overall, there has been conflict between the island governments and the central administration especially between mayors and island secretaries. The central government has occasionally intervened, such as when armed police were dispatched to reopen Mangaia airport after it had been closed by the mayor due to a dengue fever outbreak (Glassie, 2018).

## E-government in the Seychelles

There is very little literature on E-government that focuses on SIDS. ICT can help to improve the efficiency of the public sector by overcoming some of the barriers associated with small size and isolation (Commonwealth Secretariat, 2016). For example, the digital divide in the Caribbean was bridged through the introduction of Multi-Community Access Centres or kiosks. According to the United Nations Public Administration Network, the Seychelles has the highest ranking for E-government in Africa. The success of the Seychelles E-government experience offers valuable lessons for other SIDS that have similar problems and challenges (Commonwealth Secretariat, 2016).

Since the mid-1990s, the government of Seychelles envisaged an electronic government, which facilitated collaboration between agencies (Commonwealth Secretariat, 2016). Initially the E-government project was implemented on a piecemeal basis by various government departments without collaboration and communication. In 2004 the government decided to consolidate the ICT system under one department, the Department for Information Communication Technology (DICT). The executive fully supported the E-government project, which was managed from the Vice President's office. In 2004 with support from the Commonwealth Secretariat, DICT developed the Government Strategic Framework and Roadmap. The E-government programme was closely linked with the overarching goals of the government of the Seychelles. The stable political climate facilitated the development of the E- government system (Commonwealth Secretariat, 2016).

The comprehensive approach to developing the E-government entailed the following processes (Commonwealth Secretariat, 2016):

- Passing new legislation to develop a suitable regulatory environment;
- Due to the limited number of ICT professionals in the country a system of training and certification was introduced to build the skills capacity;
- The University of Seychelles was eventually able to offer undergraduate degrees in computing and information technology;
- An E-government portal was set up to be the digital face of government as well as to offer online services; and
- Quick win government projects were launched through the Ministry of Finance to build public confidence in the system.

The following lessons were learned from the E government experience in the Seychelles (Commonwealth Secretariat, 2016):

- Small states tend to have flat decision-making structures and the incorporation of this feature into the E-government design was critical for its success;
- In a small country there are informal relationships between the government and the citizens that can facilitate trust;
- High level leadership from the office of the Vice President were essential for the success of the E-government programme;
- A strategic partnership between DICT, the Commonwealth Secretariat and Microsoft was critical for the E government project; and
- A simple, flexible framework that was within the understanding of the population, was useful in ensuring that the government and the people had a good understanding of what the project entailed.

## Performance management

Performance management systems have been introduced to improve the efficiency of the public services in some SIDS. This rapid review found the following examples of performance management in SIDS.

### Vanuatu

In Vanuatu the Public Service Commission is responsible for employing public servants. It is an independent body that is provided for under the 1980 constitution (Lapi, 2018). According to the constitution, the PSC is responsible for the recruitment and discipline of public servants and selects the public servants who undergo training in country or overseas. The Public Service Commission also determines the service terms and conditions of employment and is expected to monitor staff performance. Prior to 2014 the performance management system in the Vanuatu public service focused mainly on identifying training needs. There was no formal or systematic monitoring of performance and the efficiency and effectiveness of individuals was not evaluated. Following a review conducted in 2013- 2014 the Public Service Staff Manual was updated and the Public Service Commission was required to provide feedback on performance to individuals as well as identify opportunities for adjustment to performance if necessary. A programme was conducted to coach and mentor the Directors General of ministries and directors of departments so they could implement the new procedures for providing feedback to staff. Training was also

provided to middle senior level officials as well as corporate and human resource officers who were expected to conduct the performance assessments. In addition, awareness and training sessions will run across all ministries and departments (Lapi, 2018).

The following achievements have been attained since the performance management system was introduced in 2014 (Lapi, 2018):

- Performance-based probation assessments are mandatory before appointments can be confirmed. The probation period is six months;
- Reward mechanisms such as staff increments and promotions became transparent;
- Training needs are identified according to the annual work plans of staff which are aligned with the business plans of the organisation;
- Smart work goals are identified and emphasised during training;
- Supervisors and staff are required to liaise, discuss and agree on work plans, midterm reviews and end of year assessments as well as to provide feedback on performance;

In general, the processes and procedures for assessing organisational performance are less developed than those for staff performance. However, the following improvements were noted with regard to organisational performance in the public sector (Lapi, 2018):

- Performance in the justice sector improved and consequently 14 Members of Parliament were sentenced to jail and barred from re-entering politics;
- An expansion of the Office of Government Chief Information Officer;
- An improved asset management system;
- A review of government remuneration and upgrading of salary scales for public officials occurred;
- Coordinated infrastructure maintenance that includes wharfs, airports and roads, was introduced;
- Provincial offices for the Public Service Commission, the Department of Finance and the Department of agriculture were rolled out; and,
- An increase in recruitment under the Australia and New Zealand Seasonal Work Scheme and the introduction of a pilot programme on acquisition of vocational skills in the tourism sector.

Furthermore, malaria was eliminated in Tafea province; there was increased participation in sport across Vanuatu and an increase in GDP from 2015 to 2018 because of higher aid inflows for infrastructure projects (Lapi, 2018). However, despite the achievements of the performance management initiative there were a number of limitations:

- The job descriptions in the ministries and departments are still not clearly aligned with the corporate and business plans of organisations;
- Several assessment activities are delayed until reminders or warnings are issued by the Public Service Commission. This indicates that there is a lack of commitment by senior management in ministries and departments to the performance management process;
- More integration between training needs and staff work plans is required; and

- Disciplinary action for poor performance is infrequent.

Lapi (2018) concludes that the foundations for a public service performance management system have been established in Vanuatu, but there are still many challenges. The system is not able to generate important information for ministries and departments yet. In particular, organisational performance monitoring and assessment processes must be enhanced.

## **Tuvalu**

The public sector is dominated by the office of the Prime Minister and the Public Service Commission is not independent (Oppong, 2016). The absence of an independent Public Service Commission undermines the extent to which various public sector reforms such as performance management have been successful.

Recent documents such as the Public Sector Strategy 2016–2025 and the Annual Report of the Public Service Commissioner in 2017 highlight the importance of adopting an outcome's focus (Oppong, 2016). The focus of the Public Service Commissioner is on improving strategic planning and reporting capability of the public service, as well as supporting workforce development, strengthening organisational management practices, conducting organisational capacity assessments, promoting leadership, talent and graduate recruitment programmes, ensuring the continuation of public service induction training and clarifying the rules responsibilities and accountability of state service organisations (Oppong, 2016).

The following initiatives were introduced to support the goals of the Public Sector Strategy 2016–2025 (Oppong, 2016):

- A human resource management policy framework was introduced together with the performance management system, remuneration system and system of recruitment practices;
- Training programmes were introduced to promote an outcomes orientated mind-set among public servants;
- Leadership and management training courses were introduced to enhance management capacity among senior public servants;
- A 40 person human resources task force was introduced to develop job descriptions and job evaluations; and
- The government remuneration system has been aligned to the pay structure and career pathways within the public service.

There is insufficient evidence to establish how effective the implementation of Public Sector Strategy 2016–2025 has been in Tuvalu.

## **Solomon Islands**

From 2015 to 2018 performance management has been promoted in the Solomon Islands by reinforcing the link between individual performance and organisational goals and objectives (Devesti, 2018). However, progress has been limited. The Ministry of Public Service continues to receive reports with high ratings and recommendations for increments even though supervisor-staff interviews were not conducted. The concept of performance management appears to clash with social values and norms in the country relating to non-confrontation and secretive or closed

communication which are pervasive in the public sector. Performance ratings for ministries and agencies are constrained by weak or non-existent reporting systems (Devesti, 2018). The Ministry of Development Planning and Aid Coordination conducts basic monitoring and evaluation with respect to the implementation of the development budget but its role is limited to macro-level evaluations and is based on proxy indicators of budget expenditure. Furthermore, the corporate planning cycle for the government has not been synchronised into a single planning framework which aligns the activities of the various ministries with the government's goals and priorities (Devesti, 2018). Overall, the reforms were not very effective.

## **Central coordination agencies**

SIDS usually struggle with horizontal and vertical co-ordination within the government, because government activities may be dispersed across a number of small islands. Vertical coordination occurs within a ministry, department or agency while horizontal coordination occurs across these entities (Hassall, 2018).

### **Papua New Guinea**

In Papua New Guinea there are six central coordination agencies which are constituted as departments: Department of Prime Minister and National Executive Council, the Department of Treasury, the Department of Personnel Management, the Department of Justice and Attorney General, the Department of National Planning and Monitoring, and the Department of Provincial and Local Government Affairs (Ata, 2018). Collectively they are responsible for strategic policy coordination and alignment with the Development Strategy Plan and Vision 2050. They are responsible for coordinating socio-economic development, manpower and personnel requirements, finance and budgetary allocations, constitutional and legal matters and subnational affairs. Although the central coordination agencies have been successful in bolstering coordination at the centre of government, there is no overarching framework to guide the coordination of strategic policy development across departments and other organisations in order to achieve the objectives laid out in the Development Strategy Plan or Vision 2050 (Ata, 2018). The willingness and capacity of the central coordination agencies to collaborate is limited. Administrative leadership at the top of these departments are politicised in terms of patronage as well as tribal links and such patrimonial relationships undermine the trust, transparency and coordination within the government (Ata, 2018).

It is proposed that a "whole of government" approach might help to resolve co-ordination problems in Papua New Guinea (Ata, 2018). A "whole of government" approach to policy and administrative coordination requires the integration of departments and other organisations in ways that encourage and facilitate collaboration. Moreover, this approach requires considerable commitment and sustained effort for success. The roles of the central agencies should be more clearly defined and there should be greater commitment towards achieving coordination (Ata, 2018).

### **Solomon Islands**

In the Solomon Islands horizontal coordination to ensure that all ministries align their work with the policy goals and priorities of the government is very weak (Devesti, 2018). The government has established the Central Ministries Coordinating Committee that is chaired by the Prime Minister and includes the Minister of Finance, Minister of Public Service and Minister of Planning.

Although the formation of this committee is a positive improvement, the results are lacklustre. The interface between ministers and permanent secretaries must be improved to boost policy coordination. However, ministers often neglect their ministry duties and focus on constituency matters instead as the latter is more important for ensuring that they are re-elected. This tendency reinforces the system of patronage politics which exacerbates the lack of interest in national affairs and undermines the political will to improve governance in the Solomon Islands (Devesti, 2018).

## **Anticorruption reforms in the Solomon Islands and Vanuatu**

The Public Service Commission in the Solomon Islands is responsible for disciplining public officials, but lacks capacity to investigate cases of misconduct (Devesti, 2018). Hence, this responsibility has been delegated to the Permanent Secretary of the public service. However, investigations are compromised by limited resources and human capacity. There are only three staff-members in the Professional Standards Unit who are responsible for investigating cases of misconduct for senior level officials. Due to limited capacity alleged misconduct involving lower-level officials is seldom investigated. The absence of reporting mechanisms further compromises the extent to which misconduct can be investigated (Devesti, 2018). Similarly, anticorruption reforms have been largely unsuccessful in Vanuatu. The former Ombudsman, Marie-Noelle Ferrieux-Patterson, stated: “Nothing happens, no one resigns, no one was listening, no one was arrested except the rioters. No one was charged, no one was prosecuted. The lack of consequences for wrongdoing is corroding our society” (Everest-Phillips & Henry, 2018, p. 11).

## **Policy implementation in Samoa**

Samoa was the first SIDS to introduce public sector reform in the 1990s, this included performance-based budgeting introduced in 1996 and human resources reforms and privatisation in 1998 (Commonwealth Secretariat, 2016). In Samoa public sector reforms were driven by the Ministry of Finance, which also launched an institution-building programme to boost its own capacity. Despite strong political commitment to the reforms, implementation was undermined by low institutional capacity (Commonwealth Secretariat, 2016).

The following challenges were experienced during the implementation of the reforms (Commonwealth Secretariat, 2016):

- Lack of skilled personnel in government institutions;
- Unclear institutional roles;
- Poor communication across the whole government during the policy development phase;
- Unrealistic timelines for implementation;
- Competition for resources, especially human resources and infrastructure;
- Failure to manage risks adequately, which had a negative impact on the timing and cost of implementing the reforms;
- Absence of a monitoring and evaluation system; and
- Inadequate provision of information to key stakeholders in the reform processes.

Overall, the reforms were relatively successful despite the capacity constraints and contributed to economic growth rates of 3-4%. The following remedies are proposed to improve the prospects for public sector reform in Samoa (Commonwealth Secretariat, 2016):

- Prioritise policies and pool resources for them;
- Managing limited human resources through boot stopping (allocating more than one staff member for a critical task), rotation or secondment;
- Training across ministries;
- Ensuring that constitutional roles are clearly defined upfront;
- Clear communication including developing a strategy or culture to promote coherent communication;
- A time-bound plan with a detailed budget;
- Phasing of policies where necessary; and
- Effective risk management and a plan for monitoring and evaluation.

## 4. Capacity building for SIDS

This rapid literature review found that capacity building in SIDS is undertaken by the following organisations. Commonwealth Secretariat and Commonwealth Local Government Forum, the United Nations and the OECD.

### Regional collaboration

Regional collaboration has been proposed as a solution for overcoming some of the challenges of smallness (Chittoo, 2011). Regional collaboration offers benefits in terms of achieving efficiency and makes some public goods tenable, such as the provision of tertiary education in the Caribbean. Furthermore, such collaboration allows SIDS within a region to attain diplomatic leverage in regional or world affairs. However, some of the barriers to regional collaboration include differences in staff designations and standards, lack of harmony between states and the perceived loss of control over resources among some politicians (Chittoo, 2011). Some examples of regional collaboration are (Chittoo, 2011; Robinson & Gilfillan, 2017):

- CARICOM- was established in 1973 to support economic integration, development and collective action in the Caribbean;
- Caribbean Centre for Development Administration – the centre provides a base for training and consultancy for 15 regional members. It serves as a forum where members can exchange information and share innovative experiences. Public sector officials in the Caribbean can benefit from sharing experiences without travelling farther to rich countries;
- Secretariat of the Pacific Regional Environmental Programme – focuses on coordinating the response to climate change in the Pacific among 14 states;
- University of the West Indies – this University provides high quality education and training for students from member states; and
- South Pacific Forum – provides regional services for shipping lines operating in the region.

Regional organisations play an important role in coordinating regional climate change adaptation responses among SIDS. There are currently 20 regional or sub-regional organisations

representing SIDS (Robinson & Gilfillan, 2017). Regional organisations help the governments of SIDS to design, implement and monitor climate change adaptation projects. They also provide financial and technical support that is particularly useful when national level resources are insufficient or inaccessible. The recommendations of a review of regional organisations involved in climate change adaptation are summarised below (Robinson & Gilfillan, 2017):

- Information deficit issues must be addressed by regional organisations. There needs to be consensus with regard to climate models as well as access to technological resources, such as early warning systems and modelling software;
- Regional organisations must help member countries to develop a portfolio of investment projects as well as help countries to improve their access to international adaptation funding. Regional organisations in the Pacific have made more progress in terms of attracting such funding than those in the Caribbean; and
- A focus on capacity building for risk reduction within national governments must be prioritised over discrete project implementation for the next few years. There is a need for joint national action plans that integrate disaster risk reduction at national and regional levels. The Caribbean is establishing a comprehensive disaster risk management approach as part of its sustainable development goal to build capacity for mitigation management and to develop a coordinated response to natural and technological hazards. Such capacity building entails helping governments to build the skills base, as well as creating enabling environments that minimise bureaucratic hurdles.

## Pooling service delivery

Regional service pooling enables small states to provide public services that are normally provided at a national or subnational level in larger states (Dornan & Newton Cain, 2013). It covers areas such as fisheries management, higher education, transport services, central banking and procurement. The literature on club theory argues that each member must have net positive benefits to join and remain in a club. The benefits must be perceived to be shared fairly. In the Pacific a number of pooling initiatives failed, because benefits were not perceived to be fairly distributed. Moreover, the benefits must be adequate to offset any short-term costs associated with the pooling of services (Dornan & Newton Cain, 2013).

In 2005 the Asian Development Bank and Commonwealth Secretariat conducted a study to assess the costs and benefits of pooling initiatives in the Pacific. The study gave rise to the Pacific Plan, which advocated for enhanced market integration and pooling of resources among Pacific island countries. Regional organisations, such as the University of the South Pacific, Secretariat of the Pacific Community and the Pacific Islands Forum Secretariat, play an important role in facilitating the pooling of services (Dornan & Newton Cain, 2013).

The experience with pooling initiatives in the Pacific has been mixed. Out of 20 initiatives where the pooling of services was the primary objective, 11 are considered to have achieved some success. Eight initiatives were failures and one was not evaluated. The following findings emerged from a review of pooling initiatives in the Pacific (Dornan & Newton Cain, 2013):

- Pooling initiatives are more successful for non-commercial services. For example, the University of the South Pacific, which was established in 1968 and provide services to 12 Pacific island states;
- Pooling has been very successful with respect to fisheries management. The Forum Fisheries Agency and Parties to the Nauru Agreement provides services, such as vessel

registration and monitoring, data collection and analysis and negotiations advice. The services are more cost-effective to provide at a regional level. Success is attributed to the transboundary nature of fisheries in the Pacific;

- The Office of the Chief Trade Adviser (OCTA) is an independent body that is accountable to the Forum Islands Countries and provides advice for negotiations between Pacific states with Australia and New Zealand. The OCTA provides cost savings and allows Pacific states to coordinate joint positions for trade negotiations. However, the OCTA is too reliant on funding from development partners and this hampers its success;
- The Pacific regional audit initiative provides high quality audit information to governments which is superior to what could be produced at a national level;
- Pooling initiatives were successful in niche areas such as trade and tourism promotion in Australia, China, Japan and New Zealand;
- Pooling initiatives with a commercial focus have been less successful, such as the failure of Air Pacific which became a joint venture between the government of Fiji and Quantas;
- Bulk procurement of fuel in the Pacific was hindered by conflict of interest among member states;

The following lessons emerge from the Pacific experience with pooling services (Dornan & Newton Cain, 2013):

- Pooling initiatives are more successful if they fulfil a clear gap in service delivery. Pooling should be avoided if the service is already well provided by national governments or the private sector;
- Conflicts of interest between member states must be avoided or resolved as this is the main reason for the failure of pooling initiatives. For example, Tuvalu helped to defeat a proposal to extend the ban on fish aggregation devices. Although the ban was considered necessary for maintaining sustainability in the fishing industry it would have disproportionately affected fishing in Tuvalu's exclusive economic zone;
- Leadership and management affect the success and sustainability of pooling initiatives. Effective consultation is a critical management issue and some pooling initiatives have failed because of poor consultation, such as a World Health Organisation proposal for bulk procurement of pharmaceuticals in the Pacific. The proposal was rejected in 2009 by health ministers because of a lack of consultation with member governments;
- In some case donor funding has provided the necessary capital to initiate or sustain pooling. For example, the Pacific Forum Line<sup>1</sup> survived because of funding from New Zealand. However, development assistance can lead to price distortion by funding regional schemes that are not valued by SIDS; and
- Pooling initiatives entail a strong focus on national capacity building. This seems contradictory as the main objective of pooling is to overcome national capacity constraints.

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<sup>1</sup> The Pacific Forum Line was founded in 1978 to provide shipping services to SIDS in the region. It was plagued by conflicts of interest and survived because it scaled down its services.

## Responding to climate change

SIDS have fragile natural environments, which are very vulnerable to the effect of climate change, especially extreme weather events, rising sea levels and degradation of the habitat (Mycoo & Donovan, 2017). However, the experience from the Pacific indicates that environmental concerns are insufficiently integrated with international sustainable development strategies as well as national or regional sector policies, strategies and action plans (UNFCCC, n.d.). Moreover, it is difficult to ensure appropriate coordination between national and international efforts to address environmental concerns. Many SIDS do not have adequate resilience to cope with natural disasters (OECD, 2015). Some examples of initiatives to build resilience are discussed below:

- Mauritius was able to overcome geographic, economic and capacity constraints by diversifying its economy from reliance on sugar (which is vulnerable to climate change) to textiles and then services;
- The Commonwealth Secretariat is supporting a programme to promote regional cooperation in the Pacific in partnership with the Secretariat of the Pacific Regional Environment Programme;
- After the tsunami in Samoa in 2009, the World Bank supported the development of a new system of access roads to link inland households which are located away from the coast; and
- Rainwater harvesting and surface water drainage projects in the East Caribbean have reduced the long-term risk of landslides, while also enhancing the water supply.

Although there was a decline in ODA for SIDS between 2010 and 2013, there has been strong growth in the volume of climate finance given to SIDS. However, support for mitigation activities including developing green energy sources as well as enhancing the efficiency of energy must be increased (OECD, 2015). The Commonwealth Secretariat and the OECD should advocate for increased access to finance for resilience in SIDS. There should be an exception for the GDP of SIDS, because their income can fall dramatically after climate shock (OECD, 2016).

There is a positive relationship between government effectiveness and low death rates from natural disasters (Sjöstedt & Povitkina, 2017). SIDS with effective government, such as Singapore, Barbados, and Barbuda Antigua experienced fewer deaths compared with SIDS with lower levels of government effectiveness such as Haiti, the Comoros and Guinea-Bissau. Regression analysis found that an improvement of one percentage point on the World Bank government effectiveness scale is associated with a decrease in deaths from national disasters of 233% (Sjöstedt & Povitkina, 2017).

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