

RESEARCH REPORT



IMPACT OF COVID-19 ON LIVELIHOODS IN PACIFIC ISLAND ECONOMIES

A CASE ANALYSIS OF FIJI,
PAPUA NEW GUINEA AND
SOLOMON ISLANDS



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Dialogue Fiji 9 Rose Place, Rewa Street, Suva.

PO Box 404, Suva

Email: communications@dialoguefiji.com

Website: www.dialoguefiji.org

Author: Dr. Rup Singh

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Executive Summary

This research focuses on the three largest countries of the South Pacific region (Fiji, Papua New Guinea (PNG) and the Solomon Islands) and analyses the impact of the COVID-19 pandemic on their economies. It covers the critical period (2020-2021), during which the region (similar to most of the world) was hit hard with the effects of the COVID-19 pandemic. Whilst Fiji appears to be on the path to recovery, a similarly optimistic outlook cannot be envisaged (at the present time), for PNG and Solomon Islands, in part due to their very low rates of COVID-19 vaccination. The economies of all the three countries have been severely affected by the pandemic with serious livelihood and welfare implications, as discussed in this report.

Key Findings

Key findings include unprecedented economic and welfare implications in all the three countries, requiring continued support of governments, local and international agencies, and development partners. Others indicate a worsened labour market situation yielding large numbers of redundant employees, business closures, reduced productivity and permanent unemployment; putting people through financial and mental stress. In addition, other social issues such as crimes and family problems resulting from the crisis have also impacted human welfare. These call for continued support for the marginalised and insecure households in light of these and other contemporary issues such as raising inflation, economic uncertainty and higher trade cost. Increased global uncertainties resulting from high interest rates, food and fuel price inflations and shattered social fabric reducing support

are also of consequence. While foreign aid and remittances continue to flow to the region, demand for support of welfare and supplementation of household incomes have increased. This requires greater injection of resources in the three economies; in which development partners are expected to play to a key role.

Recommendations for Action

The following key areas of action are recommended: (i) the countries need continued support to businesses and for income smoothing to protect people's welfare – grant/aid funding, medical resourcing, technical assistance and advocacy are recommended (ii) The governments are to negotiate adequate international support for their people, while donors must ensure that they are utilised as intended (iii) full-lockdown instead of containment zones are recommended for Solomon Islands and PNG where vaccination rates are low; as well as for serious drives to achieve vaccination for the critical mass in these countries. (iv) Employers and governments must support infrastructure for online businesses and work-from-home initiatives, where required (vi) Employment protection policies are recommended in collective agreements and employment contracts to cushion the effects of such crises. (vii) Promotion of social unity and strengthening of the weakened social systems are also recommended in these countries (Viii) Strengthening the scope of activities of NGOS, volunteers groups, and other Civil Society Organisations (CSOs) to promote social harmony, unity and contribute to government's COVID-19 management efforts, in particular, by

increasing vaccine uptake in countries with high levels of vaccine hesitancy. Additionally, the CSOs can help dispel some of the myths around vaccines, especially in societies where there is considerable mistrust of authorities; and (ix) development of after-event support systems such as national centres, facilities and programmes to cope-up with after-crisis psychological

disorders, stress and trauma.

It is envisaged that these actions will be prioritised to get people, their welfare and economies back to normalcy (relative to pre-COVID-19 levels) much faster. Despite the progress made toward normalcy, there is a definite role of NSAs, governments and development partners in ensuring that this is achieved as early as possible.



These call for continued support for the marginalised and insecure households in light of these and other contemporary issues such as raising inflation, economic uncertainty and higher trade cost.



Background

1.1 Introduction

This desktop research reviews the livelihood issues in a representative sample of Pacific Island Economies - Fiji, Papua New Guinea and Solomon Islands- arising from the ongoing COVID-19 pandemic. The purpose of the study is to analyse the implications of the pandemic on Pacific people and provide recommendations for policy action.

1.2 Scope

This report is structured as follows.

Following this background, Section 2 discusses the current status of the pandemic retrospective to the national economies, Section 3 covers the impact of COVID-19 on selected indicators of welfare and livelihood, while Section 4 discusses the impacts and their implications on the respective populations. Section 5 discusses possible policy actions to mitigate some of the delirious impacts on livelihoods, and the final section 6 lists conclusions and recommendations. A list of key references is included in Appendix A.

1.3 Sample selection

A representative sample of the South Pacific with the three aforesaid economies is selected - PNG being the most populous, Fiji, the first country to have been affected by COVID-19 outbreaks and currently being on the path to recovery from the pandemic's effects, and the Solomon Islands and the PNG being currently under experiencing large COVID-19 outbreaks. Combined, these countries are inhabited by 10.96million people or about 86 percent of the total Pacific population (Pacific Data Hub, 2022).

1.4 Research method

A desk review with references to key datasets (national and international) depending on availability, is conducted. Contemporary literature is cited to provide a holistic view of the situation based on which, key policy actions are suggested. Since travel is restricted, ground-truthing in exception to Fiji, is provided.



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COVID-19 and Economic State

2.1 The COVID-19 Pandemic

The SARS-COV-2, the novel coronavirus causing COVID-19, was first detected in Fiji in March 2020[1], and it continues to affect the nation, even today (at the time of writing this paper) although less severely. The daily infections (as of 9 March 2022) were about 14, just about 6 percent of the numbers recorded a year ago, (MOHMS, 2021; 2022). Learning from global experiences, and with dedicated support from Australia, New Zealand, the UK and USA, and other development partners, the Fijian government has been commended to have responded quickly with certain appropriate measures. Key actions include closure of national borders, dedicated health and quarantine facilities, contact tracing App, regulations restricting movement and association of people, strong vaccination drive, effective policies to increase vaccine uptake and health advisories.

To date, the WHO database shows that total infections and deaths are 65217 and 865, respectively, showing a fatality rate of 1.3 percent. The MOHMS (2022) data show that most of the infections were in 2021. However, later in the year (December 2021), the government courageously opened the national borders in its effort toward achieving normalcy. At the present time, most businesses and economic activities are operating normally and movement of people has also normalised. At present, there seems to be a raise in new infections, but not at the magnitude recorded in 2021.

In PNG, since March 2020, (when the first case was detected) total infections have been 44,751 with a fatality rate of 1.5

percent (Worldometers, 2020) so far. However, most of the cases have been noted since 2021 and the daily infection on rolling average is 3 cases per day (CSSEGISandData, 2022). Sadly, PNG's vaccination rate remains one of the lowest in the world at around 3.5 percent of the population. PNG also has a very low rate of urbanisation and the rural population appears to be more susceptible to falling for COVID-19 vaccine myths. The country is faced with a crisis of vaccine hesitancy. In addition, there is a general lack of political will to get people vaccinated as well. These over-stresses the government's efforts to vaccinate the critical mass (Howes, 2021), and without vaccination, it is hard to imagine that PNG's economy can survive the pandemic. In addition, time to normalcy is likely to be very long.

In the Solomon Islands, the first outbreak also occurred in 2020 and at the present time, the country is in level 3 alert. Measures adopted are similar to those in Fiji and PNG however the people are resisting to get vaccinated due to religious beliefs; and many infected and non-infected people are turning to herbal remedies which are not medically/scientifically verified. The global database indicates that 21,237 people have been infected by COVID-19 and 149 have died so far. National data from Solomon Islands Government (2022) show that most of these cases happened in 2021. The international community was swift in providing relief to the Solomon Islands. Among the key donors, Australia has been providing expert technical advice, building medical infrastructure, creating/increasing testing capability, and supplying tonnes of medical items, including oxygen

1concentrators and personal protective equipment, amongst other support. Recently, Australia provided just over 150,000 vaccines (Solomon Islands Government, 2022). In addition, by April 2022, the USA provided over 153,000 Pfizer vaccines to help the country's recovery efforts. However, the vaccination rate remains low at about 25.9 in the Solomon Islands, showing the need for intense efforts to drive vaccine uptake toward the 70-80 percent mark.

2.2 Macroeconomic Indicators

2.2.1 The National Economies

Although the number of deaths in the three countries were not as high as in many other developing countries globally, the COVID-19 pandemic has created massive and delirious macroeconomic implications on these economies. For example, in Fiji, with GDP growth rate of -0.4 percent in 2019, the growth rate declined sharply thereafter. The GDP sharply declined by 17.2 percent in 2020, and further by 4.1 percent in 2021 (World Bank 2022a). The national macro-financial figures indicate a much deeper impact of the pandemic of the Fijian

economy. Nevertheless, the rates of decline are unprecedented, representing about 3-folds negative impact of the 1987 coup in Fiji; and that too, when the economy was on the verge of recovering from the negative effects of TC Winston of 2016. Re-adjustment and re-alignment of limited government resources to support a 7 year long period of recovery (2016-2022) has been the tune of economic policies in Fiji; and for a small and vulnerable economy, this has been truly stressful. Resilience of the economy, dedication of Fiji's development partners and dynamic strategies of the government are praiseworthy. Fiji's tourism is slowly recovering, although by the end of 2022, the sector's contribution to the GDP, relative to pre-COVID levels, may just be about 50 percent. The Government of Fiji anticipates 12.4 percent GDP growth in 2022 (Ministry of Economy, 2022). Together with tourism, other strategic industries (in agriculture and manufacturing), could provide further scope for a quick turn-around in economic activity. In the medium term to 2027, Fiji is likely to record the region's second highest average growth rate after Tuvalu (IMF, 2022).

Table 1: Key COVID-19 Statistics

Indicator	Fiji	Solomon Islands	Papua New Guinea
Population	901,603	744,407	9,311,874
COVID-19 cases (% of population)	65217 (7.2%)	21237 (2.9%)	44751 (0.5%)
Fatalities (% of cases)	865 (1.3%)	149 (0.7%)	662 (1.5%)
Vaccination Rates- (2 doses) (%)	71%	25.9%	3.5%
<i>*Population data from Data hub (SPC), rest from the WHO or other databases, see text for details.</i>			

The PNG economy was relatively better just before the crisis, having had a 4.5 percent GDP growth in 2019. In 2020, the economy declined by 3.5 percent (World Bank, 2022a). However, in 2021, the World Bank estimates a recovery of 1.5 percent and the PNG economy is expected to further rebound strongly by about 4 percent in 2022 (World Bank, 2022a). This is due to its strong domestic sectors and higher trade potential. Important sectors such as fisheries, minerals and timber are expected to provide a significant boost to the economy, although global uncertainties remain. Needless to say, this seems to be a rather optimistic projection, given the domestic issues relating to the pandemic.

Economic activity in the Solomon Islands declined from 1.2 percent in 2019 to -4.3 percent in 2020 (World Bank, 2022a). The Asian development Bank (2022) predicts that the economy is forecast to contract by 3.0 percent in 2022 underpinned by domestic political problems in 2021 as well as the COVID-19 related restrictions on mobility and transportation. Currently, we can say that the economy is somewhat beginning to open-up (Central Bank of Solomon Islands, 2022); and it is projected to grow by 3.0 percent in 2023 as COVID-19 restrictions are likely to ease and construction, fishing, and mining production activities are expected to increase. Some of key statistics are provided in Table 2.

Table 2 Key Statistics- Economy

Indicator	Fiji	Solomon Islands	Papua New Guinea
GDP growth (2020, 2021, %)	-17.2% -4.1%	-4.3% 1.7%	-3.5% 1.5%
Expected GDP growth (2022, %)	12.4%	-3%	3.4%
Inflation rate (2021, %)	4.5%	5%	6.4%
Poverty rate (2021, % below NPL)	29.9%	27%	37.5%
*See text for details.			

2.2.2 Business activity

In light of the depressed economic conditions, business activity has been severely affected in all of the three economies. In Fiji, a business activity survey conducted by the International Finance Corporation (IFC, 2020) reveals that 50 percent of tourism-related businesses surveyed have been hibernating or had fully-closed while 35 percent were active but with reduced staffing. Of the other non-tourism related businesses surveyed, about 80 percent were fully-functional or active but

with reduced staff. With 2020-2021 being tough years for Fijian businesses, it is expected that at most 29 percent of tourism businesses and 11 percent of non-tourism businesses surveyed (around 500 businesses) had gone bankrupt. This represents a significant loss of industry and the economy as these businesses are key contributors to Fiji's sector. Some of these businesses include accommodation providers, tourism activity providers, and suppliers as well as important small and

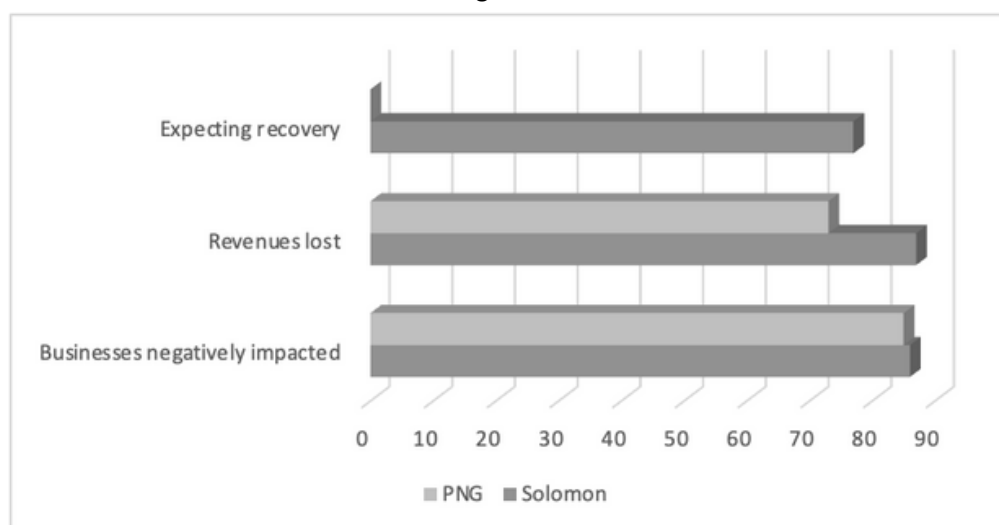
medium sized business which crucially provided jobs, incomes and livelihoods to the Fijian people.

The PTI Network of the Pacific Islands Forum Secretariat's Pacific Business Monitor (2020) shows that 86 percent of businesses in the Solomon Islands suffered a negative impact of the crisis, while 87 percent reported a decline in their revenues. The top three struggles for these businesses were (i) closure of international borders, (ii) unpredictable nature of the crisis impacting time to normalcy and (iii) cash flow problems. However, according to the survey, most (77 percent) of the businesses expect to be able to survive the COVID-19 crisis. Relevant data from the Pacific Business Monitor (Survey 2) for PNG point to more than 85 percent of the businesses in PNG to have suffered, while many other small scale businesses have ceased operations since the pandemic began affecting the country. A report by Pricewaterhouse Coopers (2020) show that at least 73 percent of the PNG business leaders surveyed expected

business revenues to decline, while about 41 percent expected that the reduction will be up to 50 percent. The report also stated that businesses in the tourism and hospitality sector are likely to be hit even harder- forecasting a 50-80 percent decrease in revenue. A comparative summary of the impact of COVID-19 on businesses (in Solomon Islands and PNG – subject to data availability) is presented in Figure 1 below, scaled to percent of businesses surveyed. It is less likely that Fiji's situation has been greatly different from that in the other two countries.

In light of the reduced activity, demand and revenue, common strategies used by business in the region have been to close operations, reduce the size of the workforce, reduce pay and or work-hours and/or move to online trading platforms. The prolonged nature of the crisis, as well as high levels of shredding of workers have impacted people's incomes, their welfare and survival (Pacific Islands Forum Secretariat (2021), the Asian Development Bank (2021).

Figure 1



2.2.3 Unemployment

Data show that unemployment rates have soared in the three countries during the COVID-19 years. However, given the limitations in national statistics and in one-off surveys, it is also possible that the actual unemployment figures could be much higher than reported. This is because of the massive closure of businesses and a large but disturbed informal economies in these countries. The World Bank (2021) reports that tourism dependent Fiji has been struggling to maintain tourism-related employment leading to massive unemployment claims through the Fiji National Provident Fund and Government's unemployment benefit scheme.

The IFC (2020) reports that unemployment numbers could be over 90,000 from the tourism-related industries alone; and the ILO (2020) survey indicates an initial estimate of 115,000 workers who were possibly at risk of losing jobs due to the pandemic. These represent welfare and livelihood issues for about 230,000 Fijians or just about 25 percent of the total population (with household size of 4, and 2 per household being unemployed).

The World Bank (2020) indicates that job advertisements in PNG dropped severely (by about 76 percent between February-May 2020) as a result of lockdowns and travel restrictions. Flow-on effects of this to other industries, including retail and food services, together with reductions in commodity prices and remittance inflows, have added to these significant economic hardships. Results from a survey carried out by the Employers' Federation of PNG also highlight the unemployment impact - 7 percent of total workforce were redundant due to the

pandemic; 16 percent of firms responded that they either terminated employment contracts or temporarily shed workers; 9 and 11 percent of those surveyed were on reduced working hour arrangements. This adds to the large section of the unemployed rural populations with little to no access to decent welfare, incomes and opportunities.

While the extent of adjustment in the labour market of the Solomon Islands is different, similar sentiments from employers and workers are being felt as well. Indications point to a timeline of well-beyond 2020 that employment prospects might improve in the Solomons.

Much of the impact of unemployment has been felt on households who had single breadwinners, headed by less educated and women household-heads, and those living in urban fringes, and in rural areas without opportunities. While efforts are being made to create jobs locally, international labour mobility schemes to Australia and New Zealand could benefit the unemployed people from these countries.

People are resorting to temporal work, self-employment and or informal activities for survival. However, labour market prospects are improving in Fiji and PNG at the time of writing this paper, with new employment and job advertisements on the increase relative to 2020-21 levels.

2.2.4 Trade and Internationalisation

All the three economies (as well as others in the Pacific region) rely heavily on trade openness for promoting domestic exports, as well as for importation of food, fuel, medical supplies and raw materials. With the

With the COVID-19 crisis leading to reduced trade, logistical problems and higher transportation cost; the time to normalcy for business activity and trade is likely to prolong. This will impinge further on the welfare of people and their livelihoods. These economies are also not self-sufficient in most consumer and capital goods including even the basic food items.

Economies which have opened their borders (like Fiji) are likely to have lesser damaging impact of limited trade and openness. The time to normalcy for PNG and Solomon Islands are likely to be much longer because of low rates of COVID-19 vaccinations and other uncertainties. This will wage heavily on the abilities of these economies to bounce back.



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Impacts on people's welfare

3.1 Negative Income Shocks

The impact of COVID-19 has been felt on people's incomes through reduced employment or unemployment and lower than usual ability to spend. In addition, increasing imported inflation has lowered their real incomes even further (discussed later). Given that the impact has been prolonged due to the pandemic (in particular the recurring waves of outbreaks), systematic recovery on income and sustenance have been undermined. However, the Fijian experience shows that following high rates of vaccination and reopening the economy for business as usual, unemployment and ill-fare situations can be managed somewhat. In addition, the Fijian government with support of local institutions (like FNPF and banks) and international development partners have been able to provide relief packages to somewhat cushion the impacts on the people. These have been useful to smoothen consumption and people's welfare.

3.2 Raising Inflation

In the wake of declining incomes and employment prospects, raising food and fuel prices globally have also impacted people's welfare and livelihoods in all the three countries. However, with some exception to PNG, the other two countries have limited domestic capacity to sustain food and oil price shocks. A rise in food prices, against a negative domestic food-balance sheets implies serious welfare issues especially for the marginalised segments of the society. Those households with limited opportunity to substitute with local production/production for own-use are finding it hard to sustain

themselves. The household income and expenditure data shows that a good section of people who could fall into this category, if recovery is delayed. Average inflation in PNG is forecast to be 6.4 percent, 5 percent in the Solomon Islands, and 4.5 percent in Fiji for 2022. Year-end inflation in all countries could be much worse in line with growing uncertainties of global markets. Inflation was -2.6 percent in 2020 in Fiji, Asian Development Bank (2022b). In the Solomon Islands and PNG, it was 2.9 percent and 4.9 percent respectively in 2020 (World Bank 2022a). Raising inflation and prolonged unemployment could yield significant stagflation-related situations and hardships.

3.3 Poverty

Poverty rates have been on the rise even before the COVID-19 pandemic, however, the prolonged nature of the pandemic has exacerbated the problem. However, the Asian Development Bank (2021) report show that 58.9 percent of people in Fiji were covered by at least one social protection benefit, while the same figure for PNG was 9.6 percent and 1.1 percent for the Solomon Islands in 2020. Those covered by pension schemes have also increased in all the three countries, with Fiji recording the highest increase from 9 percent in 2010 to 92 percent in 2020. In Fiji, the proportion of the poor and vulnerable population receiving cash benefits is higher as well (68 percent and 28 percent respectively)[1]. If employment opportunities and or incomes support remain subdued, poverty would become a problem with inflation. This will further stress people's welfare. The most recent estimates of the Asian Development

Bank (2021) point to about 29.9 percent in Fiji, 37.5 percent in PNG and 27 percent in Solomon Islands national poverty lines, just before the onset of COVID-19. It is expected that many more people will join the first quartile above the poverty line and a good proportion will slide further into abject poverty. Those living in rural, maritime, remote communities and in highlands are highly susceptible. The urban population depending on one or unsustainable source of income are also likely to be greatly affected.

3.4 Financial stress

Due to unemployment, inflation and reduced opportunity, many households suffer serious financial stress (World Bank 2021) in the region. Raising inflation fuelled by uncertain global events and other supply-side constraints, including household debt has stressed poor households. People have re-located to cheaper housing, reduced consumption but increased consuming kava and alcohol to mitigate incomes stress. Foreign aid, remittances, social support and barter systems have helped somewhat. In all the three countries, the financial sector provided some support, in forms of holiday repayments, reduced or interest only payments etc, especially on mortgages and loans. Data on the Pacific Business monitor (Survey 2) indicate that mental health of people had deteriorated from 16 percent to 32 percent over the time of survey in PNG. This can be attributed to worsening financial situation (from 60 percent to 65 percent of respondents) and to deterioration of communal wellbeing, noting that community support is a usual fall-back in the Pacific societies. In the Solomon Islands, however, similar data (Survey 5) show slight improvements in these indicators.

3.5 Crime and Social Problems

In light of the above issues, other social problems such as crimes, substance abuse, domestic violence etc. have been on the rise (Pacific Islands Forum Secretariat, 2021). These are expected in household with reduced incomes, or where income support is less pronounced, or those to which support programmes reach less widely (RISE, 2020). Household stress lead to domestic violence of various types, and in rural and remote societies, these are not usually reported. They can potentially lead to physical and psychological disorders, family dissolution and hatred and ill-feeling among people, especially where government programmes fall short of reaching these people.

Thus it is crucial to make such programmes out-reaching and inclusive. With the aforesaid negative shocks due to COVID-19, livelihoods of people have been seriously threatened. In addition, the governments' and NGO's ability to provide social protection have been impactful, but have also weakened. International support to promote wellbeing has been appreciated in all of these economies, especially during critical times. Since all the countries are still impacted, there is greater justification to continue the national programmes.



It is expected that many more people will join the first quartile above the poverty line and a good proportion will slide further into abject poverty.

Response Mechanisms

As indicated above, there has been different strata of mitigation and response systems active in these countries. Formal mechanisms mainly include (i) International support (both government to government and directly to the societies through local partners) have been very influential, rapid and resourceful. Funds and supplies, including COVID-19 vaccines have been provided by the international community, led by US, Australia and New Zealand for these countries. (ii) Government support through welfare programmes such as food supplies/vouchers, pension fund supported programmes, financial institutions based funding support for households and businesses, farming support packages including seeds and materials, financial grants and other health-related support have sustained people's welfare during the tough times. (iii) NGOs and other voluntary organisations support have provided critical welfare and humanitarian assistance. These involve grants and in-kind social support activities (iv) Family support through remittances and income transfers (both domestic and foreign) which have helped sustain the local populations.

4.1 Measures undertaken

Key measures undertaken are summarised in the recovery plans of the countries; and can be appropriated to the above general categories. They have been dispensed in different magnitudes, depending on the volume of resources and needs of the society. They are not summarised here (with financial details) because they are invariably available in the national documents, and we do not want to risk under-valuing the extent, reach and impact of these important initiatives.

he recovery plans however, reveal that measures have been targeted toward households' income smoothing for consumption and welfare support, targeted business growth, for sustaining jobs, medical and COVID-19 specialised facilities, vaccination programmes and dedicated medical initiatives, and capacity development of sectors and industries to support growth post COVID-19. In addition to this, opening-up to businesses as usual has been a bold decision on the part of the Fijian government, despite the fact that at the time of writing this paper, there seems to be a 4th wave of infections in Fiji. Learning from the past experiences and with a high vaccination rate (71 percent fully vaccinated and 79percent with at least 1 dose), Fiji is likely to manage this wave relatively better. The same cannot be claimed for PNG and Solomon Islands.

From the literature, it seems like measures have been extensive, but at a household level, there is still room for absorption. This is mainly because of low levels of pre-COVID-19 household resources and capability, and a weakened households' ability to sustain themselves in the post-COVID-19 period. However, because the crisis is prolonged, these measures appear to be inadequate, both from the capacity of providers and absorption rates. It must be understood that these are temporary support systems, and people will need to find more sustainable solutions to support themselves, moving forward. Howes (2021) argues that both local governments and international development partners will have a definite role in ensuring a full recovery in line with national recovery plans and resources at their disposal.

However, in light of the COVID-19 crisis, governments almost everywhere have been incurring debt to finance spending and recovery plans, in addition to support provided by the development partners. Given high levels of government debt, it is agreed that fiscal consolidation (which refers to concrete fiscal policies aimed at reducing budget deficits and debt accumulation) seems to be important for at least Fiji. This may centre around revenue, expenditure, and debt management, and the inter-relationship between these factors. International evidences suggest that consolidating and backtracking of non-productive government spending, focusing expenditure on productive sectors, and mobilizing initiatives to rise revenues would help set forth a path for recovery. Debt to GDP ratios in the three countries in 2022 are: Fiji 79 percent, Solomon Islands 27 percent and PNG 49 percent.

4.2 Gaps in Response Systems

It must be noted that none of the dedicated measure on welfare has ever been adequate in any country. This is because of limited resources against a huge welfare gap in a large section of society[1]. However, considering the COVID-19 measures, a few gaps can be identified and potentially improved for the future.

1)Welfare funding support – given the nature of the three countries, governments in these countries could allocate funds within their annual budgets to prepare for such unforeseen events. In addition, they could better utilise the existing ICT infrastructure to reach out to the people. While in Fiji, this can be easier, the newly established Vodafone network systems in PNG could be

helpful. Solomon Islands ICT infrastructure needs deepening.

2) Rationalising welfare support – cash or support in kind should be appropriated to individuals as opposed to households. In addition, income smoothing (through cheap-debt financing) during such times could be useful. Governments must negotiate adequate international support for their people, while donors must ensure that such grants are used as intended.

3) Containment Measures – although adopted in many countries globally, partial lockdowns could be tricky as movement within the dedicated areas could spike clustered infections. We suggest a full-lockdown (should a need arise) instead of setting-up containment zones as contact tracing is not a fool proof method.

4) COVID-19 Vaccination - Learning from Fiji and other countries, the governments in Solomon Islands and PNG should target a critical mass of population to be vaccinated and start to re-open the economy for business as usual. This is absolutely critical.

5) Work from home – in light of the pandemic, businesses and governments could support staff working from home through establishing online platforms, subsidising cost of internet and provision of ICT related equipment and infrastructure.

6) Employment protection policies – governments could encourage/incentivise employers to include clauses of employment protection (during such pandemics) in their collective agreements and employment contracts.

1) Promote civil unity – Governments to use NGOs, volunteers groups, and other civil society organisations to promote social harmony, unity and concern for one another. National programmes could be promoted to rebuild the social fabric in these countries.

2) After-event support –national centres, facilities and programmes to cope-up with after-crisis psychological disorders, stress and trauma could be developed and run in collaboration with civil society organisations. These facilities must be reachable to the needy and vulnerable population.



This may centre around revenue, expenditure, and debt management, and the inter-relationship between these factors. International evidences suggest that consolidating and backtracking of non-productive government spending, focusing expenditure on productive sectors, and mobilizing initiatives to rise revenues would help set forth a path for recovery.

Conclusion & Recommendations

This desk study provides a discussion of the welfare impacts of the COVID-19 crisis in the aforesaid countries. It finds that the impacts have been different and the ability of the countries to cope with the crisis are variable, partially due to their rates of COVID-19 vaccination. The low rates of vaccination present an uphill battle for the Solomon Islands and PNG, in particular. Fiji seems to have been doing well in managing the crisis, although emerging variants with high vaccine escape capacities continue to be a source of significant uncertainty. We find that while the health impacts have not been critically stressful (relative to other countries globally), these economies have lost massive business activity, economy and welfare of people. As such, there is a great deal of recovery needed to ensure welfare to the pre-COVID-19 levels. Based on the discussions above, we recommend the following:

(a) All the three countries need resources to promote welfare support programmes. We advance that further/continued assistance from the development partners and international agencies is. Rationalising and better coordination of such programmes is recommended for these countries.

(b) Swift response systems through lockdowns, work from home and concerted vaccination drives are the key to managing the crisis. However, there is a greater need to educate the people (particularly hesitant populations) about vaccination.

(c) Governments need to reactivate and resource NGOs and other non-state actors to out-reach the broader segments of societies to promote its recovery plans.

(d) National support centres and facilities to cope-up with post COVID-19 psychological disorder, stress and trauma should be developed and effectively operated in these countries, where possible with civil society organisation support.

(e) In light of raising global uncertainties, countries should consider staggering fiscal consolidation to better manage their resources and finances. While debt financing cannot be ruled out, developing national capacities is recommended.

This study supports the idea of cautious approach to managing the COVID-19 crisis while developing national capacities to progress sustainably in the uncertain future. It supports the view of seeking external assistance and managing these resources carefully. It argues that there is a definite role of NGOs and other non-state actors in challenging times, and suggests the need to pro-actively develop various national programmes and facilities for post-crisis management.



The low rates of vaccination present an uphill battle for the Solomon Islands and PNG, in particular. Fiji seems to have been doing well in managing the crisis, although emerging variants with high vaccine escape capacities continue to be a source of significant uncertainty.

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Kawakawa Place
Laucala Beach Estate, Suva
+679 7778379
communications@dialoguefiji.com