

Pacific Island Economic Report

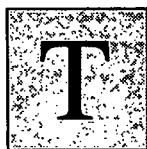


Table of Contents

List of tables	x
List of figures	viii
Foreword	xv
Terms and abbreviations	xiii
Executive Summary	i
Recent Economic Developments	1
1.1 Introduction	1
1.2 Economic Activity	3
1.3 Prices, wages, and employment	10
1.4 Fiscal developments	13
1.5 Monetary developments	24
1.6 External developments	32
1.7 Policy issues	41
Financial Sector Development	43
2.1 Introduction	43
2.2 Commercial banking	43
2.3 Development banking	52
2.4 Vanuatu National Provident Fund	54
2.5 National Housing Corporation	57
2.6 Vanuatu Financial Services Commission	59
2.7 Offshore Financial Centre	61
2.8 Policy issues	66
Private Sector Development	71
3.1 Introduction	71
3.2 Macroeconomic environment	72
3.3 Factor and product markets	74
3.4 Trade and tariff policy	82

3.5	Investment policy	86
3.6	Political stability	90
3.7	ni-Vanuatu entrepreneurship	93
3.8	Policy issues	96
Public Sector Management and Reform		103
4.1	Introduction	103
4.2	Governance issues	105
4.3	Civil service reforms	106
4.4	Public enterprise reforms	112
4.5	Policy issues	128
Agriculture		134
5.1	Introduction	
5.2	Sector performance and contribution to the national economy	135
5.3	Assessment of agricultural policy and its implementation	143
5.4	Opportunities and requirements for agricultural led growth	147
5.5	Specific high value product opportunities and requirements for development	157
5.6	Sector development issues	167
5.7	Strategy for agricultural development	176
Other Natural Resource Sectors		189
6.1	Introduction	189
6.2	Forestry	189
6.3	Fisheries	199
6.4	Minerals	209
6.5	Tourism	210
Human Resource Development		221
7.1	Education sector	221
7.1.1	Introduction	221
7.1.2	Sector development	224
7.1.3	Policy issues	236
7.2	Health and population	241
7.2.1	Introduction	241
7.2.2	Sector Development	244
7.2.3	Policy issues	254

Environment	259
8.1 Environmental features	259
8.2 Population pressure	263
8.3 Environmental management	266
8.4 Policy issues	271
Medium Term Prospects and Reform	274
9.1 The base scenario	275
9.2 The reform scenario	277
Bibliography	299
Appendix 1 Statistical Tables	305