

Situation
Monitoring:

Food Price Increases in the Pacific Islands

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Working Paper

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Summary

Food Price Increases in the Pacific Islands

April 2011

- Vulnerability assessments carried out in 2009 and late 2010 indicate that the more remote and import-dependent Pacific Island economies of **Kiribati, FSM, RMI, Tuvalu, Tonga** are particularly exposed to the economic costs of higher global fuel and food prices. **Fiji, Solomon Islands,** and **Vanuatu** are also vulnerable due to high inflation and structural issues such as the widely dispersed geographic structure of the population, the existing levels of gender inequality and rural/urban divide and the growing poverty in the urban centers.
- Across the six Pacific Island Countries (PICS)¹ monitored by sentinel monitoring system, a majority of vulnerable families surveyed reported increased **economic stress in meeting food expenditure** due to rising food prices. Market surveys in sentinel sites confirm these findings with the cost of some staple food items up by as much as 50-100% since 2009.
- Increasing numbers of vulnerable families are resorting to subsistence agriculture, gardening and fishing when possible to supplement food and income. This offers a window of opportunity for government to promote **local diverse food production and diversification of diet using local food.**
- **The food price increase will take a toll on the poorest households particularly those living in urban areas** due to their higher expenditure on food compared to the rural cohort who has the option of resorting to subsistence farming.
- **Nutrition concern** is increasing as family shift their food to **cheaper and low quality food** such as tin fish, noodles, and turkey tails.
- Government current **policy response is limited to price control and tariff exemption** in most of countries and policy measure to protect the vulnerable is almost non-existent in high risk countries to buffer the impact of the increased food price particularly on the most vulnerable. More **consumption targeted policy** measures such as food and possibly cash assistance particularly **targeting the urban poor** as well as **production oriented policy intervention targeting rural poor** warrant the immediate consideration.
- **Promotion of breastmilk for infant food security and community based awareness and interventions** building on resilience should be accelerated.
- The most vulnerable PICs have been experiencing the social impacts of increased food and fuel prices since 2008 and the consecutive global economic crisis during 2009/10. Continuing natural disasters pose an additional strain on families and communities. Without proactive policy responses, countries' long-term development and progress towards achieving the MDGs will be undermined.

¹ Fiji, Kiribati, Tonga, Tuvalu, Solomon Islands, Vanuatu

Introduction

In response to the high food and fuel prices in 2008 and consecutive global economic crisis which hit the Pacific in 2009, UNICEF Pacific together with UN agencies and Pacific Island governments initiated a sentinel monitoring mechanism to gauge the social impact of the economic shocks on the most vulnerable families.

The sentinel monitoring system is designed to provide information on how families and communities are affected by increased economic stress. Of particular concern is the impact on nutrition for the most vulnerable population groups including children under-5 years of age, and especially those 12-24 months old. Also of concern is the impact on education, health and livelihoods. The system provides real-time pulse data to trigger policies that mitigate the consequences of the economic shocks and ensure the progress towards MDGs, especially education, child and maternal mortality is not impeded or reversed.

Initial results from data collected at the end of 2010 raise an alarming picture of rising food prices in sentinel sites across the Pacific. Across the board, surveyed families reported increased economic stress in meeting the increased cost of food. Knock-on effects are being reported in children's access to adequate nutrition, education and protection.

At the same time, global alarms are being sounded over rising food and commodity prices. Global food prices at the end of February 2011 had risen for the eighth consecutive month and were 5% higher than their 2008 peak. According to the FAO Global Food Price Monitor of 3rd March 2011, wheat prices were some 59% higher than their level the year before, and cooking oil 65%. It is estimated that high food prices in 2010 kept 19.4 million people in poverty in the Asia and Pacific region, who otherwise would be out of poverty. (UNESCAP, 2011)

Vulnerability to increased food and commodity prices can vary between and within countries. The Asian Development Bank (ADB) (March 2011) reports that the recent rise in global commodity prices will reinforce the pattern of relatively better performance from the resource-rich economies such as PNG and Timor-Leste. As in the 2008 episode of high commodity prices, the region's producers of commodities and the exporters of agricultural products will benefit. Other Pacific economies will bear the brunt of the rise in import prices, and face the prospect of higher inflation that will erode living standards.

The more remote and import-dependent Pacific Island economies, notably the **Federated States of Micronesia (FSM), Kiribati, the Republic of Marshall Islands (RMI), and Tuvalu**, are particularly exposed to the economic costs of higher world fuel and food prices. Within countries, local conditions can create additional price divergences, with poor logistics, widely-dispersed populations and high transport costs exacerbating costs for the poor.

This paper will respond to key questions in regards to rising food prices: 1) who are the most affected/vulnerable to the food price increase in the Pacific, 2) what are the current and future humanitarian impacts of food price increase 3) what are the policy response taken by the PICs?

This is the second report on the food price situation and the impact on children and the vulnerable in the Pacific Island Countries. The report starts with vulnerability mapping as a point of analysis. The major observations were drawn from the early warning sentinel monitoring system installed in six of the ten high priority countries since late 2009.

Vulnerability Assessment

Poverty in the Pacific Islands context does not generally mean hunger or destitution, but rather means “an inadequate level of sustainable human development which includes lack of access to basic services, lack of opportunities to participate in the socioeconomic life of the community, and a lack of adequate resources to meet the basic needs of the households and customary obligations to the extended family, community, and church” The increasing monetization of Pacific societies poses many families with a continuous struggle to meet essential daily living expenses, particularly those that require cash payments. Even families in the most remote rural or outer islands villages have to find cash for everyday needs, whether it is for school fees, utilities, essential store goods, or social or church obligations. (Abbott, D and Pollard, S, 2004).

The participatory assessment of hardship undertaken by ADB across several Pacific Countries in the early 2000s revealed that there are consensus around who would be most likely to experience the greatest degree of hardship and poverty; children, women, the elderly, people living with disabilities, and those who had no source of regular income or no access to adequate land on which to grow food for consumption and/or sale. Hardship and vulnerability has existed for centuries, however, the risk and impact of various economic and ecological shocks on those marginalized people has become a harsher reality in recent years.

In 2009, UNICEF/UNDP conducted the assessment of economic and social vulnerabilities across 14 PICT based on a preliminary framework to identify countries where many children and women likely to face the greatest challenge due to the global economic crisis. Impact on women was captured by the contraceptive prevalence rates and adolescent birth rates (MDG 5) and considered the data on the share of women in wage employment in non-agricultural sector that was analyzed in the separate table. Sub-national disparity was captured by crude measure of rural-urban ratio in access to improved water and sanitation. The impact on children was measured in terms of number of children and the number of child poverty parameters.

From this assessment, 9 PICs, namely **Kiribati, Solomon Islands, FSM, RMI, Fiji, Tuvalu, Tonga, Vanuatu, Samoa** were identified to be most vulnerable to the economic crisis.

Table 1: Potential impact of current economic crisis on Pacific Island children and women

Pacific Island country	Economic growth 2009	Economic crisis vulnerability	Food security vulnerability	Under 5 population	U5 mortality rate (2007-2008)	Contraceptive prevalence rate	Adolescent birth rate	Poverty Index	NBNPI	Water access % R:U	Sanitation % RU	Impact on children and women could be		
Sol Isls	Minimal	Most vulnerable	Low	83,620	37 (DHS 2007)	27.3 (DHS 2007)	72 (1998)	31.3	22.7	70	0.69	32	0.18	Extremely high
Kiribati	Minimal	Most vulnerable	Extremely high	12,221	63 (CME Info)	21	71 (2000)	22.0	50.0	65	0.69	33	0.43	Extremely high
FSM	Negative	Vulnerable	n/a	13,268	40 (CME Info)	45	51 (2003)	11.1	29.9	94	0.99	25	0.41	Very high
Fiji Isls	Negative	Highly vulnerable	Low	85,329	22 (CME Info)	44	35 (2002)	9.0	34.4	43	1.19	71	0.63	Very high
RMI	Minimal	Highly vulnerable	n/a	8,011	46 (DHS 2007)	45 (DHS 2007)	94 (1999)	12.4	20.0	98	1.02	71	0.64	Very high
Tuvalu	Minimal	Most vulnerable	Extremely high	1,210	37 (DHS 2007)	22.4 (DHS 2007)	33 (2003)	9.2	21.2	93	0.98	89	0.90	Very high
Vanuatu	Likely	Vulnerable	Low	33,370	30 (MICS 2008)	38.4 (MICS 2008)	92 (1999)	19.8	15.9	85	0.82	64	0.60	Very high
Tonga	Negative	Highly vulnerable	High	13,719	23 (CME Info)	33	17 (2003)	4.4	22.3	100	1.0	96	0.98	Very high
Samoa	Negative	Vulnerable	Moderate	23,575	27 (CME Info)	43	34 (2001)	4.1	20.3	89	0.96	100	1.0	Very high
Nauru	Minimal	Cushioned	n/a	1,258	38 (DHS 2007)	25.1 (DHS 2007)	113 (2002)	15.0	n/a	82	-	97	-	High
Palau	Negative	Highly vulnerable	n/a	1,303	10 (CME Info)	17	17.7 (2007)	7.2	24.9	93	0.93	99	1.0	High
Cook Isls	Minimal	Vulnerable	Extremely high	1,440	18 (CME Info)	44	47 (2001)	6.3	28.4	95	0.90	100	1.0	High
Niue	Minimal	n/a	Extremely high	129	19 (SPC)	n/a	n/a	4.8	n/a	100	1.0	100	1.0	Low
Tokelau	n/a	n/a	n/a	123	n/a	n/a	n/a	7.6	n/a	88	-	78	-	Uncertain

Source: UNICEF/UNDP, Protecting Children and Women during Economic and Food Crisis, 2009

Vulnerability Mapping 2011 Update

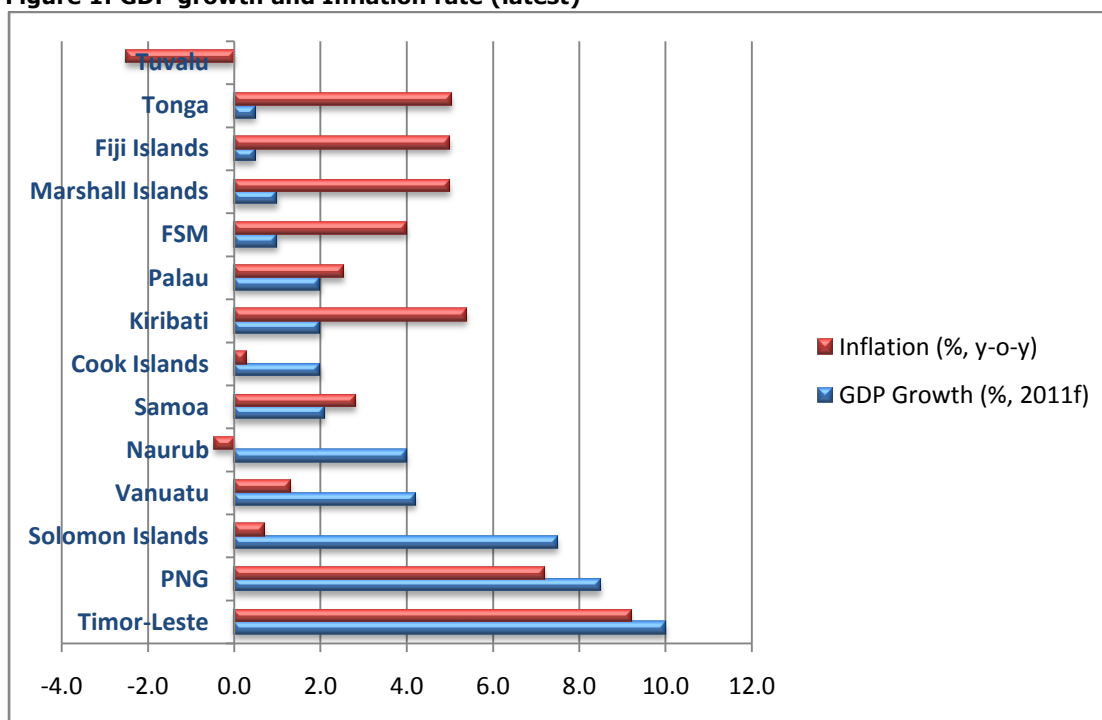
UNICEF Pacific has updated the above table with new relevant indicators related to food price increase such as inflation and economic growth projection.

ADB estimate that the Pacific island economies are projected to grow by only 1.7% in 2011, while the Pacific is expected to record overall growth of 6.3% in 2011. The resource-rich economies remain as the best performers in 2011. Timor-Leste is projected to grow by 10.0% on the back of continuing expansion in government expenditure funded by offshore petroleum revenue. Preparations for production of liquefied natural gas will continue to support the PNG economy, which is projected to grow at 8.5% in 2011. The recommencement of gold production is projected to help expand the Solomon Islands economy by 7.5% in 2011. Increased phosphate exports are expected to help Nauru return to a moderate growth rate. This growth pattern is expected to remain close to these levels in 2012.

On the contrary, the remaining PICs have weaker growth rate yet face high inflation particularly in country such as Tonga, Fiji, RMI, FSM, Kiribati, Samoa and Palau. (Figure 1)

Inflation of 4.0% is expected across the Pacific island economies in 2011. Inflation of 6.5% is projected for the entire Pacific, up slightly on the 5.3% in 2010. If commodity prices stay close to recent highs, higher inflation rates can be expected. (ADB, 2011)

Figure 1: GDP growth and Inflation rate (latest)



Data source: author formulated based on ADB Economic Monitor, February 2011 (latest Pacific Economic Updates)

The result of the overall assessment of food price increase and impact on the vulnerable are summarized in Table 2. The inflation risk and household size are added as proxy to provide additional risks that Pacific government and families face during the high food price. CPI (Consumer Price Index) is analyzed on each expenditure item where possible and the food price appears to play a primary factor for upward pressure such as in the case of Fiji. Tonga and Vanuatu² are particularly vulnerable considering their high risk to natural disasters and its impact on agricultural production as well as the low social protection activities. The results of the assessment indicate that the most vulnerable countries remains similar to the GEC assessment: **Fiji, Kiribati, FSM, Palau, RMI, Tonga, Tuvalu Solomon Islands, and Vanuatu.**

Table 2: Vulnerability assessment to food price increase on Pacific Island children and women

Country	Nutrition & Food security parameter					Developmental parameter					Vulnerability and impact on children & women
	Economic Growth prospect-2011/12	Inflation risk	Food security vulnerability	Exclusive breast-feeding	Timely complementary feeding	U5MR	IMR	Child population <18ys (%)	Ave. HH Size	SP coverage	
Tuvalu	Minimal	Moderate	Extremely high	35	33	35	29	38	6	High	Extremely high
Marshall Is.	Minimal	Extremely high	n/a	27	77	35	29	49	8.7	High	Extremely high
Kiribati	Moderate	Extremely high	Extremely high	80	-	46	37	42	6.3	-	Extremely high
Tonga	Minimal	Moderate	Extremely high	62	-	19	17	45	5.8	Low	Extremely high
Vanuatu	Moderate	Extremely high	Low	40	66	16	14	44	5.1	Low	Very high

² Vanuatu has experienced over 100 tropical cyclones (including 60 hurricane force) in the last 40 years; at least 10 active volcanoes affecting communities throughout the country; 22 major earthquakes in 27 years (with an average of 6.6 magnitude on the Richter scale), and; numerous floods and droughts.

FSM	Minimal	High	n/a	60	-	39	32	44	6.7	-	Very high
Solomon Islands	Growth	Extremely high	Low	45	78	36	30	47	6.3	-	Very high
Fiji Islands	Minimal	High	Low	40	-	18	15	34	4.8	Moderate	Very high
Palau	Minimal	High	n/a	59	-	15	13	26	3.9	-	Very high
Cook Islands	Moderate	High	Extremely high	19	-	15	13	34	3.7	High	High
Nauru	Moderate	Moderate	n/a	67	38	44	36	42	5.9	High	High
Niue	-	-	Extremely high	-	-	19	8	30	3.2	-	High
Samoa	Moderate	Moderate	moderate	-	-	35	21	46	4.4	-	High
Tokelau	-	-	n/a	-	-	24	38	41	5	-	Uncertain
Source	(a)	(a)	(b)	(c)	(d)	(e)	(e)	(f)	(f)	(g)	

(a) ADB Economic Monitor, February, 2011

(b) SPC/MOAF 2/WP 1, 25 August 2008

(c) DHS survey, 2007, MICS 2007, SOWC 2010

(d) DHS survey, 2007, MICS 2007

(e) State of the World Children, 2011, NY, UNICEF

(f) Most recent, SPC PRISM, 2009 www.spc.int/prism

(g) ADB, Weaving Social Safety Nets in the Pacific, 2010

Food price situation and impact on children

Since 2009, UNICEF has been working with governments in six Pacific Island countries – Fiji, Kiribati, Tonga, Tuvalu, Solomon Islands and Vanuatu - to conduct early warning sentinel monitoring. The sentinel monitoring was designed to provide information on how families and communities are affected by economic shocks and to provide a rapid “pulse reading” to flag emerging issues. Using a mix of economic data and interviews with vulnerable women and men and young people, sentinel monitoring provides a snapshot of community and family stresses and resilience.

Sentinel Monitoring System and Methodology

The Sentinel Monitoring system was developed to address the lack of substantive data on the social impact of economic crises in the Pacific region. Existing social monitoring systems (e.g. HIES, Demographic Health Surveys) are backward looking and there are often long time lags between collection, analysis and policy action. Faced with quickly evolving crises, policy makers are forced to make decisions based on anecdotal and fragmented data. (Parks, Abbot 2009)

Sentinel Monitoring, is designed to be light-weight and forward-looking, providing “just-in-time” evidence to trigger policy action that target the most vulnerable, particularly children and women. In the six countries piloting the system, Fiji, Kiribati, Solomon Islands, Tonga, Tuvalu, and Vanuatu, data collection and analysis has been conducted by National Steering Committees, ensuring both strong national ownership and coordination across statistical units within governments.

At the heart of the system are the sentinel sites; three in each country, selected for their pre-existing vulnerabilities, including low income and employment levels and limited access to basic services such as health and education. The sites include urban squatter settlements, characterized by restricted land access and poor living conditions, and rural poor villages characterized with challenges in accessing basic social services due to barriers such as unpaved roads or open water. Through Household Pulse Surveys (30 in each site), together with focus group discussions, the most vulnerable women, men and youth and children are provided with an avenue to communicate their voices to the policy makers.

Findings from Sentinel Monitoring 2009-2010

A first round of sentinel monitoring was completed in late 2009 and early 2010, providing an immediate picture of how families were coping with the GEC.

Across Pacific Island Countries (PICS), a majority of families surveyed reported greater difficulty in meeting daily expenditures and serious financial difficulties compared to the previous year (2009). The two main coping mechanism employed by vulnerable households included seeking support from family and friends and using savings. Other families resorted to subsistence gardening to supplement family meals; those already growing garden produce chose to sell it instead of consuming at home. As a last resort, families pulled children from school, pawned assets or used bank loans to cope with increased difficulty.

The impact on children and women was felt through the **trade-off between food and cash expenditure, bringing with it the risk of malnutrition**. The pressure in meeting daily expenditures impacted some families' ability to continue sending children to school, and with decreased access to education, child labor emerges as an issue. As more mothers worked to provide for their families, the care of children suffered – and a rise in gender-based violence was reported due to financial stress.

Preliminary Results from Second Round Monitoring 2010-2011

A second round of surveying was carried out by the National Steering Committees at the end of 2010, and the results are just now being completed. Initial reports show that families and communities are still feeling the impact of the global recession, while struggling with rising food prices. Families' ability to keep children in school is also being affected, particularly at the secondary level. Facility-based interviews with schools and health centres show that most are under strain due to reduced funds and staffing. It is important to highlight that these results are preliminary and a fuller picture is still emerging.

Food Prices and Nutrition

Initial results from Sentinel Monitoring in countries across the region reveals **worrying increases in food prices**, as reported by families and confirmed by market surveys in sentinel sites in Fiji, Tonga, Tuvalu and Vanuatu. The monitoring results also alerts the

impact of this on family's diet and highlight the nutritional concern among the most vulnerable.

- In Vanuatu, actual price increases range from 40% to over 100%³ for staples such as taro, banana and yams in surveyed markets. Prices at the Lenakel local market below are influenced not only by the increase of costs locally but also the price charged in Port Vila markets.⁴ To cope families are resorting to eating fewer meals and less nutritious food, particularly in urban areas.

Table 3: Snapshot of rural market prices: Lenakel, West Tanna, Vanuatu

Item	2009 Price (Vatu)	2010 Price (Vatu)
Water Taro (bundle)	200	500
Fiji Taro	200	400
Bananas	300	500
Yams	700	1,500
Chinese Cabbage	20	50
Island Cabbage	50	100
Sweet Potato (basket)	200	400
Chicken (local)	700	1,000
Tuluk (corned meat in mashed tapioca)	50	100

Source: Market monitoring, Draft outcome document, Vanuatu, 2010

Price of a retail shop in sentinel site also indicates high increase of imports such as rice, kerosene, petrol, detergent and Panadol.

Table 4: Snapshot of a retail shop in Lanakel, West Tanna, Vanuatu

ITEM	2009 Price (Vatu)	2010 Price (Vatu)
Iodized salt	80 per kilo	100 Vatu per kilo
Canned Fish (Large)	120 per canned fish	170 per canned fish
Rice	150 per kilo	270 per kilo
Flour	100 per kilo	100 per kilo
Sugar	160 per kilo	200 per kilo
Noodle	40 per packet	60 per packet
School Uniforms		
Shirt	600 per shirt	1,000 per shirt
Trousers	680 per trousers	1,000 per trousers
Skirt	350 per skirt	400 per skirt
Detergent (KLIN)	700 (1.5kg)	1,300 (1.5kg)
Hand soap	40 per bar	60 per bar
Panadol	200 for packet of 12	320 for packet of 12
Kerosene (Small Bottle)	20 per bottle	100 per bottle
Diesel (1 gallon)	800	1050 per gallon
Petrol (1 gallon)	700	1,500 per gallon

Source: Market monitoring, Draft outcome document, Vanuatu, 2010

It should be also noted that **households in urban areas, Port Vila and Luganville, spend considerably more in cash terms on food** as well as clothing and transport than households in rural areas, while rural households consume much more of their own home production. The share of total expenditure on food and transport in urban area ranges from 35% to 40% whereas in rural area it ranges from 20% to 25%. (Vanuatu Child Poverty and Disparity Study, 2010)

³ Similar increase also recorded in Luganville market.

⁴ Cargo boats (MV Moika, MV Malekula, Southern Star, etc.) berth at least three times a week at Lenakel wharf where it unloads cargo for local businesses and loads local produce bound for Port Vila markets.

- In Fiji, increased food prices are reported across the board and families in sentinel sites reported changes to type and quantity of food consumed as well as method of cooking. Fresh or frozen meat and fish were a luxury and they predominantly purchased cheaper tinned tuna and meat. Vulnerable families are relying on backyard gardens and consuming much less fresh meat. Rice, flour and milk were considered expensive and the women sought cheaper substitutes or consumed them only rarely. Food rationing within households was common to keep food costs down. Poorest families seem to be living on tea and starchy basics, which can have pernicious long-term consequences for growing children and pregnant women.

Table 5: Snapshot of increase of food consumed typically by urban family: Namala, Fiji

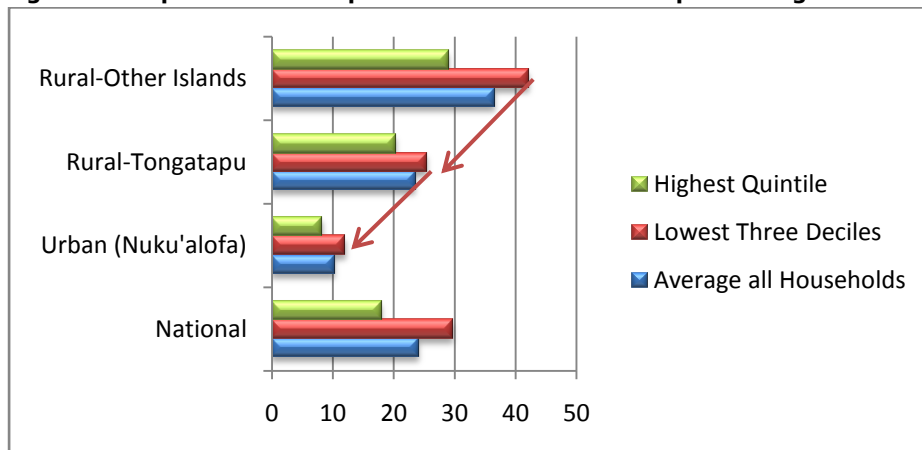
	Before	Now	Change
Kerosene	\$0.99 per litre	\$1.45 per litre	46% increase
Rice	\$7.99/10kg	\$16/10kg	100% increase
Neck of lamb	\$6 per kg	\$ 10 per kg	67% increase
Powdered milk	\$3.80 per packet	\$5.85	54% increase

Source: Focus Group Discussion, Draft outcome document, Fiji, Dec 2010

- In Tonga, prices of most commonly imported foods are on the rise. Approximately 12% of vulnerable families surveyed, mostly rural residents, reported **eating something that were not part of usual diet** such as turkey tail, tin fish and hot dog switching from red meat (mutton). More than half of the vulnerable families surveyed reduced meat and vegetable consumption and increased fish and local staple crop consumption.

Preliminary findings from Household Income and Expenditure Survey in Tonga also confirm that urban poor are less dependent on subsistence farming/fishing for food consumption. Thus, recent increase in food prices will have disproportionately larger impact on the poorest urban families.

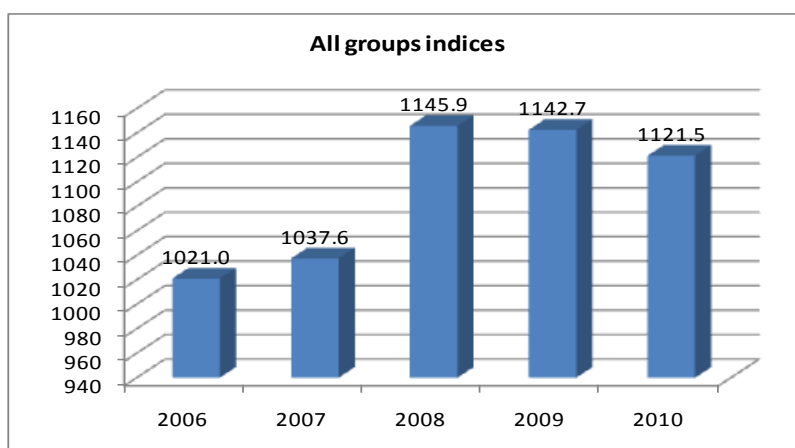
Figure 2: Proportion of Own production in Food Consumption-Tonga



Source: author formulated based on HIES data included in outcome document, Tonga

- In Tuvalu, CPI shows that although inflation has been decreasing since the 2008 peak, the price level is still high compared to the 2007 pre-food and fuel crisis level.

Figure 3: CPI-All group indices- Tuvalu



Source: Tuvalu Sentinel monitoring 2nd round outcome document

More than half of vulnerable families surveyed in Tuvalu reported insufficient food budget, the majority being Funafuti urban squatter settlers. More than half of vulnerable families surveyed worried about their food shortage due to high food prices (however this was down from 71% reporting such concerns in 2009). An indication of emerging coping strategies is illustrated by the increasing proportion of people (89.0%) relying on home produce (gardening/ fishing), up from 80% in 2009⁵, and who choose to eat cheaper food. These people also use bank savings and loans to enable them to survive. Skipping of meals among adults and children was also observed.

Above 80% of vulnerable households surveyed reported fish, rice and flour-based products as part of their households' usual diet. Moreover very few households in Nanumea (rural outer-island) consumed green leafy vegetables (6.5%).

Education

Across the region, children from sentinel sites have been largely maintained in primary education. In places like Vanuatu, which has instituted fee free education since 2010, the number of children in some primary schools is actually on the rise. However, in all countries, parents reported struggling with costs of sending children to school resulting in non-attendance and early drop outs.

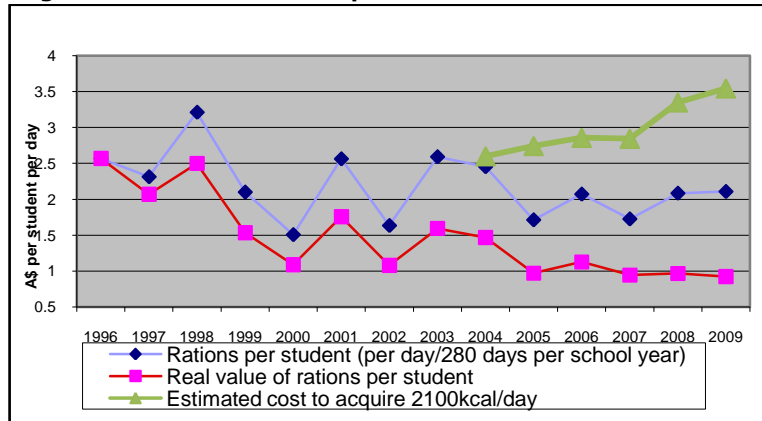
Children are increasingly being pulled from secondary schools as parents cannot afford fees or because they need the older sibling to help earn money to support the family. In Vanuatu, one secondary school reported a 20% decrease in enrolment. Secondary schools, which house children from remote rural areas (boarding school), are also reporting difficulties in ensuring adequate food for students. Lenakel Presbyterian College (Vanuatu) reported reducing the quantity of food served to students. Some schools were **closed down temporarily due to shortage of rice.**

In **Tuvalu**, several families removed their children from Motofoua Secondary School, the only government run secondary school in Vaitupu, keeping them on Funafuti and instead

⁵ This figure is an average. 87.5% of the vulnerable population surveyed in Funafuti resorted to food gardening/fishing during 2010 whereas a proportion of 70% was reported in 2009. 96.8% of vulnerable population surveyed in Nanumea in 2010 resorted to subsistence production whereas 93.3% was reported in 2009.

send them to Fetuvalu Private Secondary School. One of the main reasons stated for this was the quality and quantity of the rations being provided to students at Motofoua, which was found to be **systematically underfunded to meet the dietary needs of students** (Figure 4). This finding on under-funding (taking into account the inflation or cost of food) of rations for secondary school both in Tuvalu and Vanuatu needs to be addressed. Healthier students perform better academically and socially and education and investment in human resource is the most effective way to tackle poverty. Undermining investment in this will have significant long-term consequence on the country's development.

Figure 4: Motofoua Rations per Student-Tuvalu



Source: Government budget & TTFAC estimates, Tuvalu Trust Fund Advisory Committee; Annual Report 2010

Protection

In some of the countries, there are reports of increased petty crime, particularly among youth and in order to get cash. In Tonga, cases of transactional sex have been reported by a local NGO, with young women accepting money from men and then later feeling obliged to engage in sexual relations. With both the petty crime and transactional sex, there is a sense of young people needing to be able to participate in the cash economy, but with very limited means to do so. All countries have also repeated increased domestic violence due to increased financial worries. Given the already high rates of domestic violence in the Pacific this is a worrying phenomenon, which undermines human development.

Policy Response

In summary, Pacific Island governments' current policy response is limited to price control and tariff exemption in most of countries. Policy measures to buffer the impact of the increased food price particularly on the most vulnerable are almost non-existent in high risk countries.

It is also important to be aware that the price control and tariff reductions and subsidies for utilities can only be effective for limited periods since they reduce government revenues, or in the case of subsidies increase costs and add to the fiscal squeeze. In addition they also build up price pressures in the system which will eventually have to be released or the product in question will simply not be available since suppliers will not think it worthwhile to supply if they are unable to make a profit.

Sound economic management, balancing the need to expand economy by stimulating business and the need to protect the vulnerable left out of economic development, is critical. More consumption targeted policy measures such as targeted food assistance and cash transfer, particularly for the urban poor warrants immediate consideration. At the same time, production oriented policy interventions targeting rural poor remains important.

The preliminary analysis of selected PIC's policy response is summarized in Table 6 below. The analysis will keep being updated based on the on-going correspondence from the government counterparts and information provided from the development partners.

Table 6: Policy response to rising food price in the Pacific Countries

Country	Consumption							Production			Management of Food market			
	School feeding policy*	Food assistance	Cash transfer	Price subsidy	Price control	Lower tax	Food for work	Fortification policy*	Production subsidies	Lower tax	Lower/exemption of import tariffs	Rise tariffs	Export Ban	Food reserve
Fiji	v	v			v	v		v	v		v	v		
Kiribati		v		v	v									
Tonga					v									
Vanuatu						v			v	v	v	v		

*Nutrition policy

Source: Government of Fiji, Vanuatu, Kiribati and Tonga.

Fiji

The Government of Fiji appears to have been the most proactive in protecting consumers and the vulnerable in time of crisis and food price increase.

Late in the third quarter of 2010, the Government of Fiji undertook an investigation to understand why prices of goods under Price Control had remained high, even for the goods imported duty free. As a result, the Fiji Commerce Commission was given power to set prices of a range of essential items, including baby milk, baby food, chicken, corned beef and mutton, edible oils, imported dried leguminous vegetables, garlic, ghee, imported fish, noodles, onions imported rice, sugar tea, medicine, premium unleaded petrol, kerosene etc. (Ministry of Information, Government of Fiji)

Since 2008, Fiji has also been implementing fiscal and import duty exemption on the essential food item listed above for the purpose of "cushioning" consumers from the impact of increasing costs. Government also raised the income tax threshold to \$15,000 to allow more cash for families. In 2010, the government also introduced the food vouchers programme targeting the most vulnerable in addition to the family assistance scheme allowance and bus vouchers.

However, in February 2011, Value Added Tax (VAT) has increased from 12.5% to 15% as part of 2011 budget revenue policy. Canned fish is also started to be taxed fiscal duty of 15% from this year, which is worrying given the high dependency of tin fish by the vulnerable families.

In February CPI monitoring also recorded higher food price (+3.4%) on wheat products, cereals, fresh and preserved fruit, fruit juice, mineral water, preserved meat, fresh fish, dairy products, fats, oils, coffee/tea, cocoa, milo/ovaline, spices and even market items such as fresh bean, okura, bele, pumpkin, onion, potato, garlic, split peas etc. The impact of those new revenue policies on the poor is an increasing concern and further examination and dialogue with government on how to better buffer the impact of increasing food price on the most vulnerable families is required.

Kiribati

The Government of Kiribati has been putting in place price controls for basic food items such as rice, flours and canned meats and also providing subsidies to public utilities to control inflation. The government also facilitates establishment of wholesalers and ensures cargo shipment regardless of quantity in order to address the food shortages in outer islands. (e.g. Banaba) (Journal of seventh meeting of the ninth parliament, 2009)

Taiwanese Technical Mission and Ministry of Health with support from UNICEF has also been supporting garden production of nutritious foods in Abemama. However, in 2009, Kiribati Shipping Service Limited (KSSL), the government owned shipping company, had significantly increased sea fares to the Line Islands due to the increasing costs of rations to passengers because of the escalating price of food commodities. Further assessment and discussion with the government is required to assess the effectiveness of current policy measures and identify priority actions.

Tonga

The Competent Authority in Tonga is currently controlling the cost of flour (normal bread only) and fuel (e.g. kerosene and petrol) to ensure those basic food and goods are affordable. The consumer price index shows the difference in the level of increase in the price between controlled items and non-controlled items⁶. In the past, however, the government also reduced the tax on meat, which did not result in the reduction in meat prices. During the recent consultation with the government, the officials considered the need to add other essential and nutritious food items under price control at the same time promoting community gardening/farming and consumer education on importance of opting for more nutritious foods.

Vanuatu

The Government of Vanuatu does not have a price control unit but has been actively implementing tariff reform since 2008, which includes the removal of non-essential exemptions and addition of relevant and essential exemptions that stimulate growth and development. In short, a preferential tax rate was posed on preferred food items⁷ from the perspective of nutritional and economic benefit (e.g. fortified food). The duty rate on essential food items has been reduced: canned fish and canned beef from 25% and 40% respectively to 20%; Price of some food items (e.g. soft drink) are reduced due to the

⁶ CPI for flour actually decreased in 2010 compared to 2009 from 2.09 to 1.64 while sugar increased from 1.75 to 2.51; Potato from 2.19 to 3.00 in same period. Mutton shifted from 5.84 in 2006 to 8.22 in 2009 and 9.34 in 2010.

⁷ Iodized salt set at 5% compared to non-iodized salt at 15%; Fortified rice at 10% and fortified flour at 5% whereas non-fortified rice and flour were set at 15%.

Melanesian Spearhead Group (MSG) trade agreement. Locally grown foods, fresh and frozen meat, fish, fruits and vegetables were taxed at 30% duty to protect the producers with comparable imported items taxed higher. Duty on school materials was reduced to zero.

Policies to protect the vulnerable are also in place, which include increase of minimum wage and recent increase of copra price subsidies to copra farmers at Vt 75,000 per ton. Seasonal working scheme (e.g. berry picking) in New Zealand also proved to assist many ni-Vanuatu to improve their living standard.

Despite the above policies, the reduction of fiscal duty on food items does not necessarily translate to the reduced price at the wholesale or retail store. While freight and stevedoring charging may be contributing factor, it is unclear as to exactly what is causing the current high retail and market price. GOV will need to investigate the possibility of fixed markups and profit margins within the business communities as well as the effectiveness of recent minimum wage increase and copra subsidies on the urban and rural poor. Additionally, it is encouraged that GOV consider other consumption targeted policy measures to effectively protect the vulnerable.

Priority Areas for Policy Action

Minimum Social Protection Measures

The Sentinel Monitoring indicates that food price increases are a real concern in the Pacific, and PIC governments with the help of donors should consider targeted assistance to the most vulnerable families. Recognizing the different vulnerabilities faced by rural and urban poor, government should consider **food safety nets for the urban poor** who have limited access to fertile land to cultivate food production in order to prevent the worst nutritional outcome caused by the increased price of food.

Children and pregnant mothers should be placed as the first priority as they require intensive nutrition intake during their critical time of development. Examples of this include food and nutritional supplement for pregnant and new mothers and under five, school feeding programme and emergency food distribution (Ortiz, 2011).

Targeted cash transfer can be also considered although it requires careful consideration due to, firstly, the current weak institutional capacity to administer such schemes except perhaps on a very limited scale and, secondly, the serious budget constraints that are being faced by almost all PICs at the present time. The countries that need the scheme most are probably those with the weakest fiscal balance. The recent social protection study conducted by AusAID and ADB offers costed options for PIC to consider what types of social protection scheme would be both practical and affordable for PICs.

Improved Nutrition & Food Security

The current shift within the families to resort to more subsistence farming and fishing offers a window of opportunity⁸, in which the government can act more strategically to promote **local food production and diet diversification**. Among the urban poor particularly in atoll countries such as Tonga, governments can support the cost of fishing boats and fuel so that the urban poor can be self-sufficient in meeting the protein needs of the family.

To address the needs of rural poor and sustainably protect both urban and rural poor, more structural reform will need to take place to support production and cash income. **Ensuring equal access to land suitable for both living and cultivation is a primary concern**. Melanesian countries (Fiji, Vanuatu, Solomon Islands) in particular need to maximize the use and equal allocation of land in urban areas as well as promoting productive use of land in rural area. For Micronesia and Polynesian atoll countries, more long-term food supply planning and contingency procurement arrangement within the Pacific neighbouring countries can be further considered. At the same time, policy to **increase household income through employment** in order to reduce poverty continued to be important.

When looking at the food and nutrition security for the vulnerable, it is equally important that we consider the dimension of "**infant food security**" which addresses the specific needs of infant and young children. Promoting exclusive breastfeeding up to six months

⁸ Refer to 2.2.4 of Report 1 UNICEF, discussing the difficulty among the PIC people to shift modernized dietary behavior.

and continuing breastfeeding with complementary feeding up to 2 years of age is a cost effective and food secure option in time of food scarcity. Stunting among children has long-term and irreversible effects (Parks et al. 2009). By impacting negatively on cognitive development it impedes children's future educational performance; children who continue to be malnourished at school are likely to struggle; and on leaving school these children will be less able to find good jobs. It is likely that there is a link between early childhood stunting and youth unemployment. (AusAID 2010)

In conjunction with this, as more and more pressure is posed on women to earn cash to meet daily expenditures, it is also important to ensure an enabling environment for working mothers to continue breastfeeding exclusively up to six months through enforcement of maternity legislation and other community based support mechanism such as breastfeeding support group.

Another example is **mandatory food fortification** that can be applied to both export countries (e.g. Fiji for flour) and import countries. The Vanuatu government, for example, is adopting preferential tax deduction for fortified imported foods in order to encourage the consumption of fortified foods.

To address nutrition security, it is important that the cross-sectoral planning in education, health and justice take place to consider the **sectoral implication and ensure long-term food security and contingency planning for essential food stock-out at school, at home and in the community**. In education, for example, schools can accept the in-kind payment of tuition from the vulnerable families to help parents pay the fees. This will help keep children in school at the same time school can save cost in purchasing food. The school food gardening by the parents planted at the beginning of the term to supply food required for the school children⁹ is another example of innovative and participatory options that build on resilience of the community.

Basic Education and Protecting Adolescents

As some PICs facing more fiscal constraint in recent years, the budget allocation to schools, particularly secondary school with boarding facilities, is becoming an increasing concern. The systematic underfunding of the ration as mentioned above needs immediate policy action. As many of the PIC government started to experience budget constraints this year, community based approach that strengthen the existing resilience should be further identified and up-scaled. One of the AusAID projects providing fish net to families who then bring in the food every week to cook for children at school may be considered as a good practice.

School feeding policy to standardize the nutrition minimum requirement for school children is also one of the critical interventions that Ministry of Education can consider putting in place to ensure children at school are healthy, ready to learn and perform. This is particularly important for secondary schools which house students from rural areas and outer islands.

Fee free education in primary is essential and there is also a need to consider the expansion of compulsory education where feasible (e.g. Tonga) as well as to provide

⁹ Example quoted from UNICEF Nutritionist; practiced in one of the boarding school in Taveuni, Fiji

another avenue to children who dropped out at primary level or who could not pursue formal secondary education (e.g vocational training, informal training). Quality education for adolescents in the Pacific is a necessity for equitable development. Adolescence is the time when poverty and inequity pass to the next generation. Adolescents from poor and marginal backgrounds, who fail to attend or complete secondary, do not acquire the skills needed in the modern, globalized economy. (UNICEF, 2011)

There is also a real need to consider vulnerable adolescents in the Pacific. They have needs for cash as part of their own dignity and development but few opportunities exist to earn it. Some are working, through the informal or formal sectors, but the reports of crime and transactional sex show there are many who lack safe options for entering the cash economy.

Strengthen Monitoring of Social Impact to Economic and Ecological Shocks

Several crises encountered since 2008, food, fuel price increase and global financial and economic crisis on top of the natural disasters and climate change impacts, clearly indicates that Pacific small island countries are increasingly vulnerable to external economic and ecological shocks.

Across the Pacific, families and communities have already been stretched thin to cope with economic downturn. It takes only a drought or cyclone to exhaust coping mechanisms, and with climate change the risk and severity of many types of natural disasters is increasing. Already in 2011, a sentinel site in Vanuatu has been impacted by two successive cyclones and sentinel sites in Kiribati are facing a severe drought.

The Sentinel Monitoring System was designed with a view to detecting and mitigating the social impacts of crises. However, it is important to remember that the ultimate goal is not to simply help governments and donors to “put out fires” but to promote equitable human development in the Pacific. With less than five years remaining for the achievement of the Millennium Development Goals, the region can no longer afford to let each crisis cause a step backwards from fulfilling even these most basic promises to children and women.

National Steering Committees in six Pacific Island countries will revisit the sentinel monitoring framework in preparation for 3rd round in the middle of 2011 and it is expected that the government will consider and propose the ways in which this system can be institutionalized in the government system so that the planning, monitoring and response to the emerging risks and vulnerabilities can be built in as a part of the on-going government contingency, sectoral and development planning and response system.

UNICEF Response in collaboration with UN/Development partners

UNICEF’s response to the impact of global food price increase will be guided by the “Framework for Action on Food Security in the Pacific” (2010)¹⁰ and developed within the

¹⁰ This Framework has been formulated through technical consultation and a series of national food summits, which were further discussed and developed at the Pacific Food Summit in Port Vila in 2010. The framework is a regional and national policy guide and will be continued to be refined. No set timeframe has been applied and a review will be conducted in five years.

United Nations Development Assistance Framework (UNDAF) 2008-2012 and its own multi-country programme of cooperation (2008-2012), both covering the 14 PICTs.

The strategic collaboration and engagement with UN agencies such as FAO, OCHA and WHO, governments and other regional partners such as ADB, Secretariat of Pacific Communities (SPC), Pacific Islands Forum Secretariat (PIFS) and Secretariat of the Pacific Regional Environment Programme (SPREP) is required to identify and agree on the priority action areas, develop immediate preparedness plans and long-term strategies that leads to balanced economic management, better fiscal policy and increased self-sufficiency by reducing reliance on imports where local substitution is possible.

As stipulated in the first edition of the Report (Report 1, 31 July 2008), the rapid assessment and analysis of situation in priority countries was conducted and early warning sentinel monitoring system has been installed in six priority countries. Therefore, our focus now is to;

1. Maintain, improve and institutionalize the early warning sentinel monitoring system in those six priority countries as well as replicating the system in RMI and FSM;
2. Respond to immediate needs and fast-track interventions already identified in the multi-country programme, with clear strategic focus in mainstreaming the mitigation measures in the priority countries;
3. Maintain a watching brief on situation of children and women (taking advantage of opportunity for joint UN Country Assessment for new UNDAF) in the remaining six PICTs.

At regional level, the interagency support particularly to improve sentinel monitoring system to sharpen the accuracy and sensitivity in detecting vulnerability to food price, nutritional deterioration, impact of natural disaster and climate change is important. Additionally, given the complexity and inter-connectedness of issues we are currently facing, the mechanism in which UN agencies and development partners coordinate themselves to provide such support to Pacific Islands governments warrant clear guidance.

At country level, strengthened inter-agency/ministerial collaboration for planning, response and recovery and setting up clear protocol would yield immediate and tangible results. This should be build on to the existing intervention already in place such as in the area of protection by strengthen partnership with Justice, Police and NGOs to improve detection and referral process to prevent further exploitation among the vulnerable.

UNICEF together with development partners will focus our support to the PICs to ensure that any short and long-term policy responses to achieve nutrition security and poverty reduction will consider children at the centre of the strategies.

Annex: Voices of the Vulnerable

Interviews with vulnerable communities are a cornerstone of the Sentinel Monitoring system. Gathered here are some of the “Voices of the Vulnerable” women, men, girls and boys.

Urban Poor

Tonga

Mele is a 15 year old girl who lives in Patangata, an urban settlement on the main island of Tonga. Many residents are migrants from outer-islands. Mele recently had to leave school in order to start supporting her family.

“Only reason why I stayed away from school is that we cannot afford to pay the school fees and related expenses for schooling. I was thinking of going back to school. My mother told me to stay home, but I knew it wouldn’t help me. But right now I got a job (making ice blocks). The work I am going to do is basically to help my family with meeting basic needs. I feel that assistance should be given by the government to pay my fees so that I can go back to school.”

Fiji

Jale is a leader of the Solomon Islander community within the Namara Settlement. Only 54 years old and in crutches, his poor health is attributed to a diet lacking in nutrition and little money available for health care.

“There is hardly anyone in the formal workforce because we lack proper education. We are finding it very hard to cope this time as prices are going high.”

Many families find the price of meat and imported staples too high. They are now planting food and vegetables around their homes to help feed their families. Many are becoming vegetarians and eat a lot of breadfruit as there is an abundance of breadfruit trees in the area. Sometimes they drink tea instead of having a normal meal and ration food amongst the family.

“We cannot buy bread now for breakfast so my wife makes pancakes and roti. Previously we just eat as much as we like but now we get our food dished out to us. I usually check out my other neighbours and relatives for left-over food to fill up my stomach”

Rural Poor

Fiji -Western Division

The sentinel site settlement in Western Division is made up of both Fijian and Indo-Fijian members, many of which have been displaced from cane farming areas. The settlement is established on *mataqali* land and each family rents a block of around 500 sq metres. There was frustration at not being able to own their own land since leases had expired. The lack of electricity and water to some homes was also detrimental to their daily lives: school children were unable to study when it was dark and kerosene lamps were expensive to run. Sometimes neighbours paid to use power from an adjoining homes but this was not ideal. Cooking methods had changed with the increased price of fuel.

“We always use kerosene for cooking before, now using firewood as kerosene price has increased.”

The men said that diets had changed to reflect a lack of income and rising prices of some food items. Home grown vegetables and root crops formed the basis of the dietary intake, whilst meat was purchased less often than before. Dhal had become a staple food for many.

"My family's diet consists mainly of vegetables. We cannot afford high food prices."

"We are having tea with cassava/breadfruits for most meals as we cannot afford the high price of rice & flour."

Reduced incomes and increased price of food had changed to a diet predominantly made up of home grown vegetables and cheaper staples such as dhal, noodles and tinned meat and fish. Food was rationed to ensure children had three meals a day, whilst parents often went without.

"Food price is too high and we have to eat much cheaper foods like noodles and most of the time tea and bread/roti/pancake."

Fiji - Northern Division

The Nasarawaqa and Dreketi in Northern Division are rural and fairly remote from major conurbations with the few transport links limited to a daily bus service to Labasa and Nabouwalu. The road infrastructure in this area is poor and the bus service is often cancelled.

There was some frustration in the group about the lack of other work opportunities in the area.

"...need development here so we can find jobs apart from farming."

The women also mentioned the problems arising from a lack of a regular water supply such as livestock suffering from thirst and contaminated well water, and that they hoped government funds for a water system would ease the problems. However it was noted that a recently implemented Ministry of Agriculture Irrigation system had not encompassed their farms.

"...we've never had a regular tap water supply and please can someone help us with our problem; our well water supply is not that healthy because we sharing it with livestock."

Men and women thought their food intake are nutritious and secure as they harvested most themselves.

"...we have no problems when dealing with food because we have our own livestock (meat & milk), home gardens (vegetables, rice, fruits) and the sea (fish, crab & other sea food)."

Fewer students from the community were able to enrol in secondary school due to its distance from the settlement and the cost of fees and travel (\$1.15 bus fare), although the Government did contribute the cost of transport but reportedly only one-way. The small number of children who reached Year 7 were either based in Labasa or Suva. Whilst parents made financial sacrifices to ensure funds were available to send the children to school, there were still cases where students were unable to continue with their schooling due to prohibitive costs.

"...as our children reach secondary level and try to further their education we find it difficult to meet the educational cost required due to financial hardship."

Vanuatu

"Government should accept payment in kind. We do not have enough cash to pay for school for all of our three children"

- Fanafo, Santo

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