

Luncheon Address by Professor Rajesh Chandra, Vice-Chancellor and President, the University of the South Pacific, to the Forum Economic Ministers on 21 July 2011, Apia, Samoa

The Knowledge Economy- How USP Can Assist the Pacific Region

1. Introduction

Chair of the Forum Economic Ministers' Meeting, Hon Faumuina Liuga

H. E. Secretary General of the PIFS, Mr. Tuiloma Neroni Slade

Honorable Ministers

Excellencies and Members of the Diplomatic Corps

Senior Officials of the FICs

Heads and Representatives of the CROP and International Organizations

Distinguished Guests

Ladies and Gentlemen

I am delighted and greatly honoured to have this opportunity speak to you honourable ministers and officials. I thank the Secretary General of the Forum Secretariat for the opportunity to host this lunch Ministers and to share some thoughts with all of you.

Some Honourable Ministers might remember that last year I provided an update on USP indicating that the University had turned the corner and effectively dealt with its financial difficulties. We have tabled our Annual Report for 2010 here and it shows that the University successfully implemented the first year of its Strategic Plan and ended the year with modest savings of F\$4.8 million and an improved end of the year cash position. Honourable Ministers and ladies and gentlemen, USP continues on its path of fundamental and transformational reforms that should make USP even more relevant, sustainable, proactive, agile and higher quality University delivering greater value to its member countries and all other stakeholders.

Today, I wish to speak about the knowledge economy and how important it is for the region to embrace it; the related issue of tertiary education as the engine of the knowledge economy and the importance of the region committing itself to greater investment in tertiary education; and how USP can assist countries in making a transition to knowledge societies and improving their living standards.

2. The Knowledge Economy and Society

The global knowledge economy simply refers to the fact that knowledge is now the most significant driver of development. The human brain, rather than natural resources, is now the main determinant of success of countries and organizations. Ideas, innovation, mental agility and the ability to anticipate and respond promptly are all key drivers of the success of countries. ICTs now form a crucial element of this knowledge economy, allowing innovation, new processes, and unimaginable possibilities.

We already live in a knowledge-driven, rapidly changing and highly globalized world. The Pacific, despite its smallness and isolation, is very much part of the knowledge economy. This trend toward knowledge producing an ever increasing proportion of GDP is irreversible.

The knowledge-oriented, globalized world represents many opportunities for PICs- larger markets, speedier marketing, and the ability to leapfrog other countries in development, even those that might start from a more industrialized position. We need to also recognize that while the knowledge economy presents many opportunities for PICs, it is also characterized by very rapid change and a high degree of unpredictability, as seen in the global financial crisis.

Knowledge and ICTs now drive the whole society—not just the economy. ICTs offer immense opportunities for social development in education and health; in improving access and equity of government services through on-line delivery; and in improving the social lives of people through social networking. It promises to overcome the tyranny of distance and isolation of our countries.

3. Making a Transition to Knowledge Societies in the Pacific

It is very timely for Pacific Islands to make the transition to knowledge economy, which is an economy that creates, disseminates and uses knowledge to enhance growth and development.

The World Bank in its assessment of knowledge provides an Index called KEI (Knowledge Economy Index), which takes into account whether the environment is conducive for knowledge to be used effectively for economic development. The four critical pillars of the knowledge economy are:

- Strengthening the economic and institutional regime
- Developing educated and skilled workers
- Creating an efficient innovation system and
- Building a dynamic information infrastructure

The second Index called KI - Knowledge Index measures a country's ability to generate, adopt and diffuse knowledge. The KI is the simple average of the normalized scores of a country or region on the key variables in the three Knowledge Economy pillars of education, innovation and ICT.

Out of the 145 countries recently ranked by the World Bank, Fiji was the only Pacific Island country in the study with a rank of 86. Australia was ranked 11th, and Mauritius, comparable to some of our Pacific countries, was ranked 64th (Source: http://info.worldbank.org/etools/kam2/KAM_page5.asp#c29).

The knowledge economy and ICTs offer exciting opportunities to our countries to drive their development. Global markets are opening up with the internet. Our tourism industries make excellent use of internet marketing to reach global markets. Our businessmen take advantage of global information to determine prices of their commodities. Our local farmers use the mobile phones to determine their prices. Our fishermen use the mobile phones to find information to determine their selling prices. The opportunities are endless. We have found at USP that ICT is essential to overcoming the distances that separate individual countries in this region. Just as ICT has made education more accessible, ICT is making, and will continue to make, jobs and markets more accessible.

There is significant potential for agriculture, tourism, fisheries and forestry to grow significantly through the use of ICTs. **Why then have so few FIC explicitly committed themselves to the creation of a knowledge society?** Cook Islands, Vanuatu and Fiji have identified the importance of creating a knowledge economy and society. I am hopeful that both Economic and ICT Ministers will follow up on this issue.

The Importance of Increasing the Level of Tertiary Attainment in the Region

The knowledge economy is synonymous with tertiary and higher education. A degree is now a basic requirement of the knowledge economy and society. Research and development culminating in innovation fed into businesses are vital for economic success. **To embrace fully the knowledge economy, PICs must lift the participation rates in Higher Education.** As education is the most fundamental enabler of the knowledge economy, we need well-educated and highly skilled people to create, share, disseminate and use knowledge effectively. Also, in today's world we require people with new sets of competencies, such as ICT skills as well as core skills to encourage creative and critical thinking – with the latter skills developed at tertiary education level.

The level of tertiary education is often measured by the proportion of the relevant age group (18-24 yrs) that is attending tertiary institutions. This is called the Gross Enrolment Ratio.

In the Pacific Islands, this ratio varies from a high of 15% in the case of Fiji to an average of around 5 to 6% for most of the other countries (leaving out Northern Pacific countries). At the other end of the spectrum, South Korea has a ratio of 100 percent. The World Bank argues that a participation ratio of at least 40% is needed among developing countries to ensure they can have a meaningful position in the global system.

It is vital that Pacific Islands governments actively fund and promote tertiary education. This is not a luxury—but a necessity for countries wishing to make a significant headway in the new global knowledge economy. Given the low per capita incomes, students cannot take the major financial responsibility for tertiary education. The State must continue to provide financial resources for high quality tertiary education. Regional countries should recognize that an investment in scholarships to USP and other high quality universities is an investment in the future of their human resources. Investment in tertiary education by the development partners is also very wise investment as higher education provides the best security and development pathway to countries in a highly competitive and rapidly changing world.

It is fortunate that the leaders of the Pacific agreed in 1968 that a regional approach was needed to provide the human resources needed for national and regional development. Over these years, USP has produced a very large number of graduates who now occupy senior leadership positions. I am very proud of the fact that a number of you ministers are USP alumni and testify to the high quality graduates that USP produces—and who go on to have high impact in their societies and beyond the Pacific.

I also wish to highlight that member countries get extremely good value from their regional university. Our studies reveal that most countries get back more than \$3.50 for every dollar they pay in member contributions and it is more than \$4 dollars for every dollar in the case of Samoa,

Tonga, and Tuvalu. This is an extremely good return in terms of taxes, overall savings accruing in the countries and other indirect benefits.

The countries also receive excellent benefits in terms of the number of students supported by their contributions. On average, member countries contribute \$6,843 per full-time equivalent student. This is an extremely good value by any standard for high quality, internationally recognized tertiary education. So please ministers, keep sending students to USP as your university because you get very good returns on your investment—and we all collectively facilitate regionalism and regional integration.

What specifically can USP do for the region?

Expand USPNet in the region

In as far as the fourth pillar of creating a knowledge economy – building a dynamic information infrastructure, USP already has in place its USPNet facilities. New technologies offer the possibility to expand this to selected schools provided regulatory hurdles can be overcome. We successfully connected Niue High School to USPNet in April this year to the delight of teachers and students.

Working closely with SPC that is jointly leading the region's efforts in ICTs, and with other CROP agencies, USP will use its ICT infrastructure to make tertiary education more accessible to the region. USPNet now reaches an area of 33 million square kilometers, operates through 14 campuses and serves about half of the USP students. USPNet enables students to study in mixed mode as well as through the provision of pure internet-based courses. The use of these technologies for distance and flexible learning can be and should be promoted more widely in our countries.

Promote the ICT developments taking place in the region

USP can shine the spotlight on the work already being done in the region in the area of ICT. Today the South Pacific ICT Exposition is being opened in Suva. SPICTEX is a large-scale demonstration of how ICT can be used to grow businesses, create jobs, and enhance living standards.

Establish linkages between traditional sectors and the knowledge economy

USP can also identify ways in which those sectors can be linked to the knowledge economy to drive a faster pace of growth. Tourism has grown significantly through the use of the Internet and this can be escalated. Farmers and fishermen and women can use the internet to find markets and get the best prices.

Assist governments to put more of their services online

USP can assist governments to make more of their services available online, to increase efficiency, enable easier and faster sharing of information, and reduce our carbon footprint.

Set up large regional databases and enable regional governments' usage of these

There are 20 new servers at the new Japan-Pacific ICT Centre. If the region, including its governments and organizations, agree to share data with each other through USP, then we can

store it and design the databases necessary to manage it. The databases can be networked to promote a variety of interactions, which will, in turn, produce more knowledge.

Enable the region to use ICT to safeguard and promote traditional cultures

The knowledge economy can play a role in safeguarding traditional cultures, and USP can facilitate this by inviting countries to utilize its facilities. Phase II of the Japan-Pacific ICT Centre, a multi-purpose theatre that will disseminate and promote Pacific cultures through the use of ICT, will be completed in November 2011. The University is also striving to become the best in the world in Pacific Studies and cultures.

Advise on the enabling conditions for economic growth

For the knowledge economy to expand in the region, certain conditions must be present. An environment conducive to economic growth, good governance, transparency, and the promotion of entrepreneurialism and innovation are all crucial. The Faculty of Business and Economics is already engaging with member governments in these areas.

Encourage intra-regional labor mobility

USP can assist the region by equipping the necessary human resources to work in the new industries that will be developed. There should be more freedom of movement between Pacific Island Countries to ensure that all of them have access to adequate human resources. Trade in Services is already on the agenda and this should be pursued vigorously.

Promote research and innovation

The University of the South Pacific is linking more effectively now with its member countries to promote research and to ensure the results of research can be disseminated quickly to benefit activities and services. The University aims to dramatically increase the number of its postgraduate students in the lead up to its 50th anniversary in 2018, and will encourage them to undertake research that is useful to the Forum Island Countries.

Conclusions

Given that future economic growth will be determined in large part by the extent of a country's participation in the knowledge economy, the region must work together to make a transition to knowledge economy. The necessary first step is to increase the number of young people **accessing high quality tertiary studies**. Although tertiary education is expanding quite rapidly in the Pacific Islands, given the high rate of population increase in Melanesia, the rate of expansion will have to increase in the future. USP plans to do this through the construction of new campuses in Solomon Islands and Kiribati and is undertaking a long-term initiative to dramatically improve its regional campuses.

USP is well placed to assist the region to fully participate in the knowledge economy. It is essential to act now and harness the opportunities presented by the knowledge economy by educating more of our young people and fully exploiting the potential of ICT.

Fa'afetai Tele Lava