



LOWY INSTITUTE PACIFIC AID MAP

2024 KEY FINDINGS REPORT

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PACIFIC AID MAP 2024

KEY FINDINGS REPORT

Introduction

The annual Pacific Aid Map — launched by the Lowy Institute in 2018 — is a comprehensive database tracking official development finance (ODF) flows in the Pacific Islands region. By promoting greater transparency of ODF flows, the Lowy Institute seeks to increase coordination, improve accountability, and strengthen decision-making and policy debate on aid, development, and geoeconomic competition in the region.

The seventh edition of the Pacific Aid Map encompasses the period from 2008 to 2022. It includes data on more than 37,000 projects carried out by 97 development partners, totalling almost \$50 billion. The research covers 14 states of the Pacific Islands region: Cook Islands, Fiji, Kiribati, Marshall Islands, Federated States of Micronesia, Nauru, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu, and Vanuatu.

The Map synthesises millions of data points from official reporting mechanisms and databases. It combines this with information from thousands of publicly available documents including annual reports, financial statements, budget documents, news media reporting, and social media sources. The resulting database is the most comprehensive account ever created of both committed and disbursed development projects in the Pacific Islands region.

This 2024 Key Findings report includes an analysis of the Pacific's evolving development finance landscape and a series of profiles on trends in the 14 Pacific Island countries covered in the database.

Key findings in 2024

- **Rhetoric outpaces action in the Pacific:** ODF to the Pacific Islands region plummeted by 18% from 2021 levels, with falls in grant support and growing donor reliance on non-concessional financing.
- **China reclaims its position as the Pacific's second-largest bilateral donor:** After a pandemic lull, Beijing has narrowly displaced the United States in ODF spending and ramped up its project commitments.
- **Beijing's Pacific strategy gets smarter:** China's ODF has acquired a more targeted focus on winning influence in specific countries, involving more grants and community-level outreach.
- **Global headwinds complicate the Pacific's ODF outlook:** While Covid-related assistance dropped by 60%, non-pandemic development support also fell by 13%.
- **Aid securitisation hampers human development:** Strategic competition has come with a larger focus on infrastructure, opening gaps in health and education priorities.
- **The infrastructure race poses growing debt risks:** Some 60% of infrastructure financing in the Pacific is now being financed by loans.
- **Geopolitics drives fragmentation of aid:** The rise of "micro-donors" has meant that the same amount of ODF per capita is being dispersed across many more projects by many more donors.
- **Taiwan drops off from the Pacific's top ten bilateral donors:** Taipei's ODF declined to just \$7.2 million in 2022, less than a fifth of its historical average.
- **The pandemic response has driven progress on cross-cutting priorities:** Gender equality, climate action, and aid localisation efforts have gained greater attention, but further work is needed.

To see more and use the fully interactive features of the Pacific Aid Map, visit pacificaidmap.lowyinstitute.org

Overview	4	Country profiles	20
		Cook Islands	20
Analysis	6	Fiji	22
Rhetoric outpaces action	6	Kiribati	24
China reclaims its position	7	Marshall Islands	26
Beijing's Pacific strategy	9	Federated States of Micronesia	28
Global headwinds	10	Nauru	30
Aid securitisation	12	Niue	32
The infrastructure race	13	Palau	34
Geopolitics drives fragmentation	15	Papua New Guinea	36
Taiwan drops off from the top ten	16	Samoa	38
The pandemic response	17	Solomon Islands	40
		Tonga	42
		Tuvalu	44
		Vanuatu	46
		Regional Initiatives	48
		Methodology	49
		About the authors	51

Published by the Lowy Institute
31 Bligh Street
Sydney NSW 2000

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Photo by Mario Tama/Getty Images

The authors express their gratitude to Dr Jessica Collins for broadening the scope of the Pacific Aid Map to track and analyse development financing in support of gender equality and women's rights. In addition, the authors would like to acknowledge contributions over the years from Jonathan Pryke, Jacob Stone, Lucie Greenwood, Wendy Xiao, Michael Phan Minh Ngyuen, Sulagna Basu, Tahi Izumi, Caitlin Gauci, Gilliane De Gorostiza, and Jia Deng.

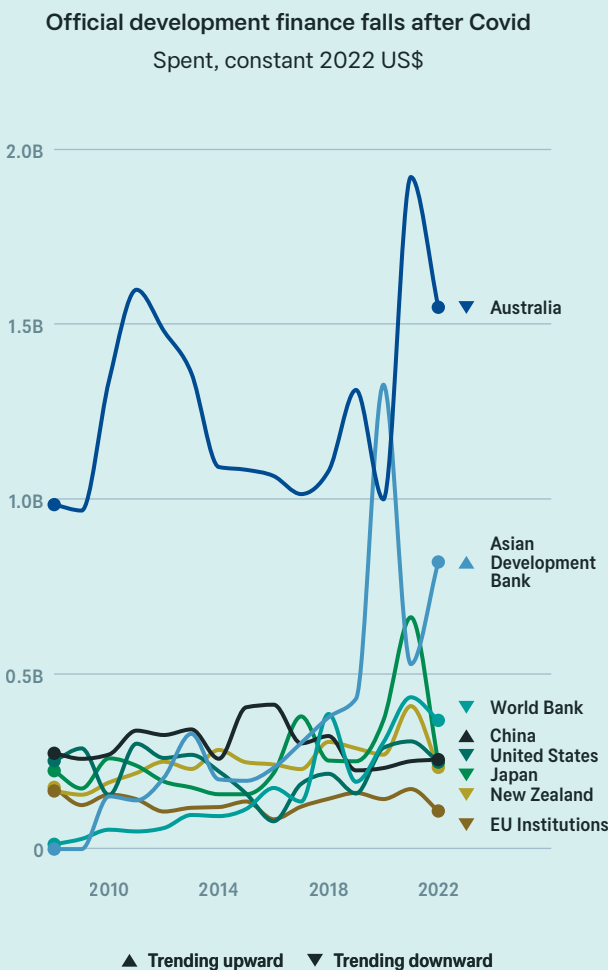
Special thanks to Lowy Institute Director of Research Hervé Lemahieu and Research Editor Clare Caldwell for their review and editorial contributions.

The Lowy Institute acknowledges and thanks the Australian Department of Foreign Affairs and Trade for its funding of this initiative. Responsibility for the views, information, or advice expressed in this report is that of the author/s. The contents of this report do not necessarily reflect the views of the Lowy Institute or the Australian government.

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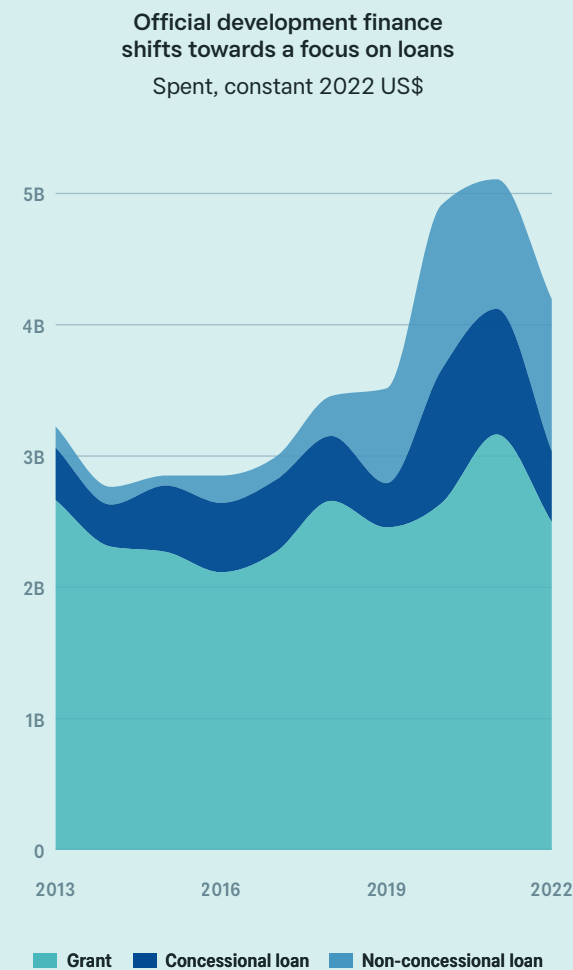
THE PACIFIC AID MAP IN FOUR CHARTS

1. Sharp declines in development finance



In 2022, development finance to the Pacific experienced its largest annual contraction on record, dropping by 18%, as Covid-19 support was reined in. The Ukraine War and cuts to global aid budgets also likely played a role in donors diverting resources away from the region.

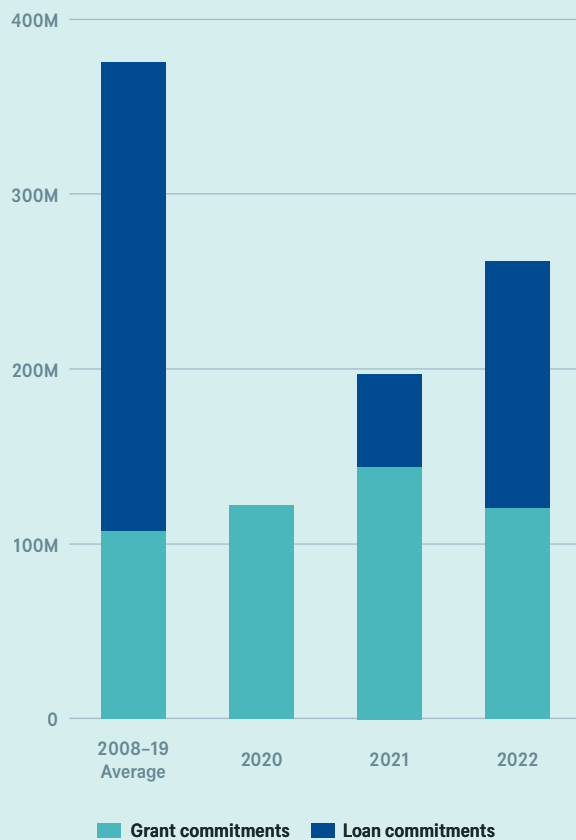
2. Growing reliance on loans over grants



The composition of development support to the region has changed: loan financing (both concessional and non-concessional) constituted 41% of the total official development finance package in 2022 — the highest share on record.

3. China's renewed Pacific ambitions

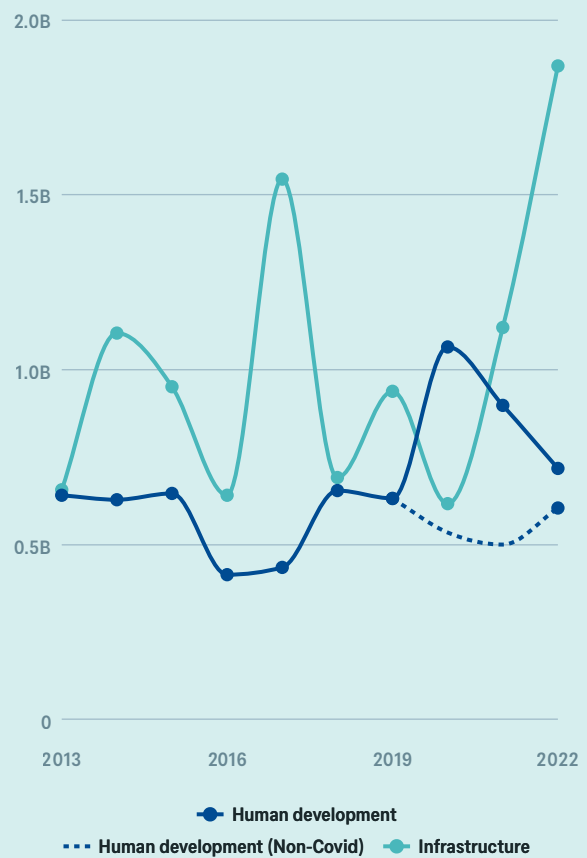
China's increasing grant and loan pledges
Committed, constant 2022 US\$



A modest uptick in Chinese ODF spending in 2022 has been accompanied by a resurgence in new project commitments, signalling a revival in Beijing's engagement with the region, using both large-scale financing and targeted community-level outreach.

4. Infrastructure surges as human development aid flounders

Concerning outlook for human development aid
Committed, constant 2022 US\$



Infrastructure financing is set to surge dramatically, with signed infrastructure deals rising by 67% in 2022, while human development funding will come back just above levels of a decade ago.

Overview

Fragility and rivalry: 2024 Pacific Aid Map

In 2022, official development finance (ODF) to the Pacific — encompassing grants and concessional loans (ODA), and other forms of assistance, including non-concessional loans (OOF) — experienced its largest annual contraction on record, dropping by 18%. This was first and foremost the result of Covid-19 support to the region fading, although cuts to global aid budgets and the Ukraine War also played a role in donors diverting resources away from the region.

While total ODF flows in 2022 remained 19% above the pre-pandemic levels of 2019, the composition of development support to the region has changed: development support has become less concessional and involves greater reliance on loans. A decline in grant support, which has receded to pre-pandemic levels, threatens the region's fragile economies, where economic scarring from the pandemic persists and human development gains have been limited over the last decade.

At the same time, geopolitical competition with China in the region has intensified ODF securitisation, with mixed results. A surge of smaller donors has crowded and fragmented the aid landscape. Infrastructure competition has pulled the focus from human development despite declines in key health and education outcomes across large parts of the Pacific. An infrastructure hyperfocus has also contributed to increased lending to the region, despite most countries facing elevated debt risks.

Australia remains by far the region's largest donor, with total ODF to the Pacific above 2019 levels, but Australian grants have dropped slightly below their pre-pandemic average. Although there is much rhetoric around increased Pacific engagement, development support from the United States, New Zealand, and Japan saw significant contractions in 2022, falling below pre-pandemic levels. In the case of the United States, aid to non-Compact states remains low.

Against this backdrop, China has regained its place as the region's second-largest bilateral donor, with a modest uptick in spending. Beijing has emerged from a pandemic-induced lull with a more competitive, politically targeted model of aid engagement. China is also engaging in new aid modalities, notably in the use of direct government budget transfers. These new modalities have featured heavily in the aid packages used by Beijing to secure diplomatic recognition by Kiribati and Solomon Islands, at the expense of official ties with Taipei. There has also been a region-wide increase in the frequency of gifts and small grant projects administered directly by China's embassies.

The uptick in Chinese spending has been accompanied by a resurgence in new Chinese project commitments, signalling a revival in its ambition to engage in major infrastructure works in the Pacific. The 2024 announcement of the \$135 million Vanua Levu Road Upgrade in Fiji marks China's largest-ever grant-financed project in the Pacific. In 2022 and 2023, China also signed record project commitments in Solomon Islands and Vanuatu.

The outlook for development support in the Pacific is uncertain. Forecasting of major bilateral donor aid budgets indicates ODA — which includes grants and concessional loans and accounts for around 85% of the Pacific ODF package — will flatline in coming years. Pressures on both donor and Pacific government budgets are likely to grow, meaning more will need to be done with less to secure critical development wins. The allocation of development budgets from the region's major donors also appears increasingly shaped by geopolitical concerns, raising questions about the trade-offs and sustainability of the current course.

On the whole, and despite a three-year pandemic-induced ODF surge, development support in the Pacific has become increasingly inadequate, caught between elevated regional needs, economic fragility, and heightened geopolitical pressures.

Official Development Finance (ODF)
Public funds for the promotion of economic development and welfare of developing countries.

Official Development Assistance (ODA)	Other Official Flows (OOF)
<ul style="list-style-type: none"> Public or official source For the purpose of development Concessional <p>ODA consists of grants (donations that do not have to be paid back) and concessional loans (below market rate and on terms favourable enough to contain a substantial grant equivalent).</p> <p>ODA is primarily provided to low-income countries with little capacity for repayments, or for projects that are unlikely to generate commercial returns.</p>	<ul style="list-style-type: none"> Public or official source For the purpose of development Semi- or not concessional <p>OOF consists of financial instruments that do not meet ODA criteria. In the Pacific, it mostly includes loans that are provided on a semi- or non-concessional basis, meaning the finance is not on favourable enough terms to contain an adequate grant equivalent.</p> <p>OOF is most commonly extended to middle-income countries with capacity for repayment.</p>

Standards of concessionality are defined by the OECD's "grant equivalent".¹ The income level of a recipient country determines the grant equivalent threshold. For example, for a transaction to a low-income country to be considered ODA, the grant element must be 45%, while the threshold is 15% for a lower middle-income country, and 10% for an upper middle-income country.

Development partners explained

In terms of development finance, partners are commonly separated into two categories:

Traditional development partners	Non-traditional development partners
<p>The Pacific's traditional partners are governments, organisations, or entities that have a long-standing history of providing assistance and support to the region. These partners typically include established development partner countries such as the United States and Australia, international organisations such as the United Nations, and multilateral development banks such as the Asian Development Bank and the World Bank.</p>	<p>This group includes emerging partners who are not members of the OECD's Development Assistance Committee, such as China, Taiwan, Saudi Arabia, Qatar, India, and Russia, as well as multilateral entities where non-traditional partners play a key role in their governance, such as the Asian Infrastructure Investment Bank and the Islamic Development Bank.</p>

¹ OECD, "The Modernisation of Official Development Assistance", <https://web-archive.oecd.org/temp/2023-11-13/395130-modernisation-dac-statistical-system.htm>.

Analysis

1. Rhetoric outpaces action in the Pacific

ODF to the Pacific Islands region plummeted by 18% from 2021 levels, with falls in grant support and growing donor reliance on non-concessional financing.

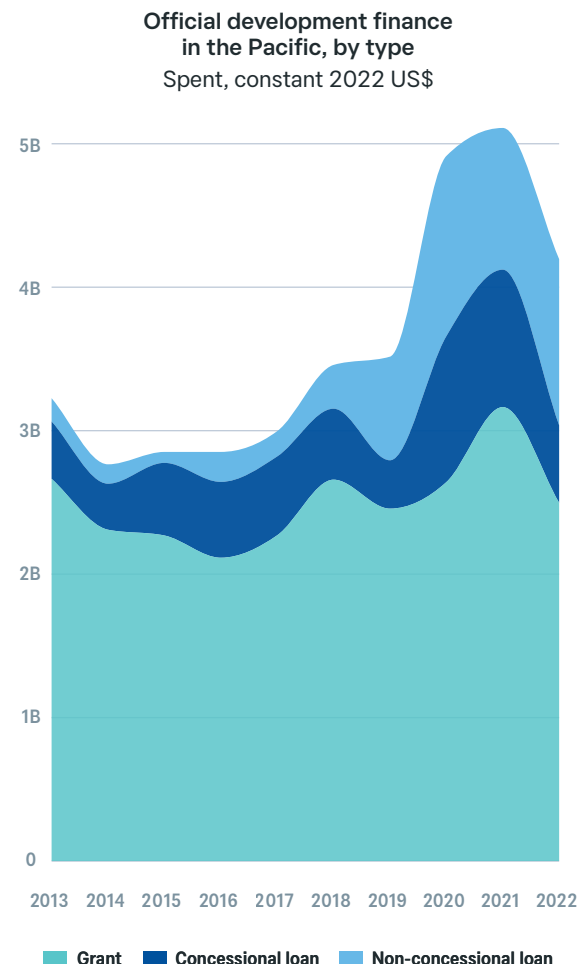
The large ODF contraction in 2022 was driven largely, though not entirely, by the winding down of pandemic-related assistance to the region. Melanesia, with Papua New Guinea (PNG) at its core, bore the brunt of ODF cuts, experiencing 70% of the overall regional contraction. In contrast, Micronesian states saw a modest ODF rise, partly due to ongoing US Compact financing. Polynesia presented a mixed picture — Samoa, Tonga, and Tuvalu enjoyed ODF increases of 30–50%, while Cook Islands and Niue experienced sharp declines of 57% and 19%, respectively.

However, there were also important changes to the composition of development support. The year-on-year decline in total ODF was driven by a 43% drop in concessional loans and a 22% fall in grants (ODA).

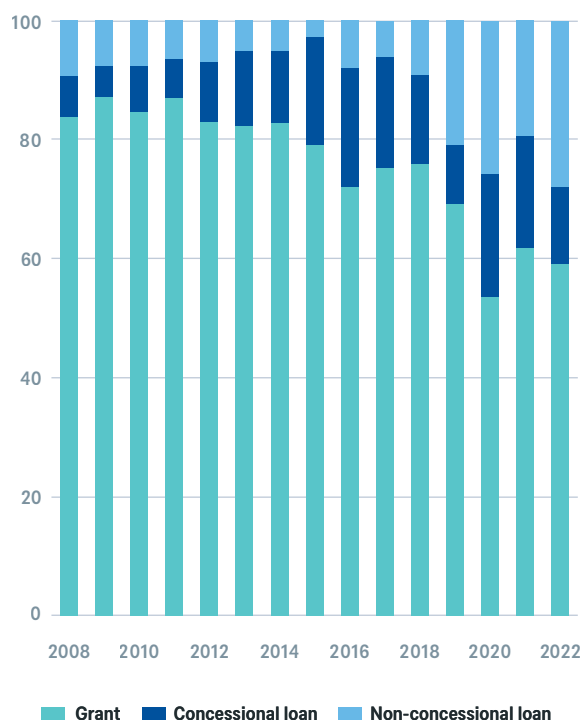
Meanwhile, non-concessional loans (OOF) rose by 17% on the year to account for more than a quarter of the 2022 ODF package, despite shrinking fiscal space and rising public debt in many Pacific Island countries. In fact, the rise in OOF loans has offset the broader decline in ODA. In 2022, overall ODF remains 19% above pre-pandemic levels in 2019.

Grant support — the first best option for development financing in vulnerable small Pacific Island economies — has fallen below pre-pandemic levels for half the region, with total grants now lower than a decade ago. Total ODA — the sum of grants and concessional loans — is only slightly above pre-pandemic levels, thanks largely to concessional loans still being higher than in 2019.

Altogether, loan financing (both concessional and non-concessional) now represents 41% of the total ODF package, the highest share on record. By contrast, loans accounted for just 17% of development projects a decade ago. Even more striking, non-concessional loans have increased fivefold in that period, reaching 28% of the ODF package.



Loan financing continues to grow
as share of ODF
% Spent, constant 2022 US\$



The Pacific Aid Map shows that some of the largest traditional donors were behind both the 2022 ODF contraction and the shift towards greater reliance on loans for regional development financing. Australia, which did not offer development loans before the pandemic, now has an ODF mix with 38% in loans. However, it is among the few major donors — alongside the Asian Development Bank, the World Bank, China, and the United States — whose ODF levels post-pandemic remain substantially higher than pre-pandemic. By comparison, Japan’s aid contracted by a much more pronounced 62% in 2022 on the year, returning slightly below pre-pandemic levels, while maintaining development loan financing at 50% — the highest among major bilateral donors.

In short, although total ODF remains above pre-pandemic levels in 2022, its composition may be increasingly inadequate to meet the region’s needs.

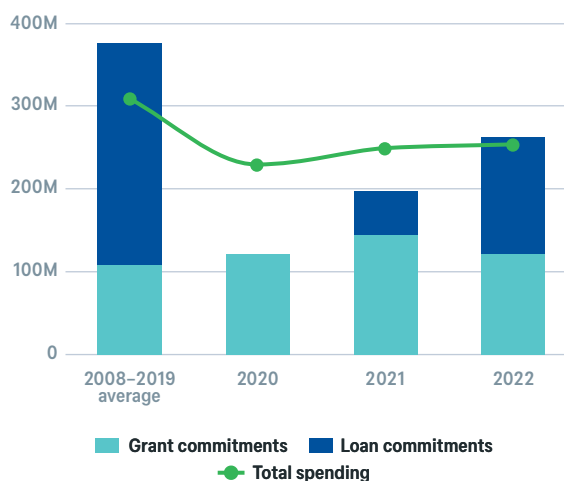
2. China reclaims its position as the Pacific’s second-largest bilateral donor

After a pandemic lull, Beijing has narrowly displaced the United States in ODF spending and ramped up its project commitments.

While development support is only one of the ways China has sought to build relationships in the Pacific, the loan financing that had come to characterise Chinese regional engagement fell precipitously for close to half a decade from the mid-2010s. New spending and commitment lows in 2020 raised further questions as to the trajectory of China’s Pacific aid program.

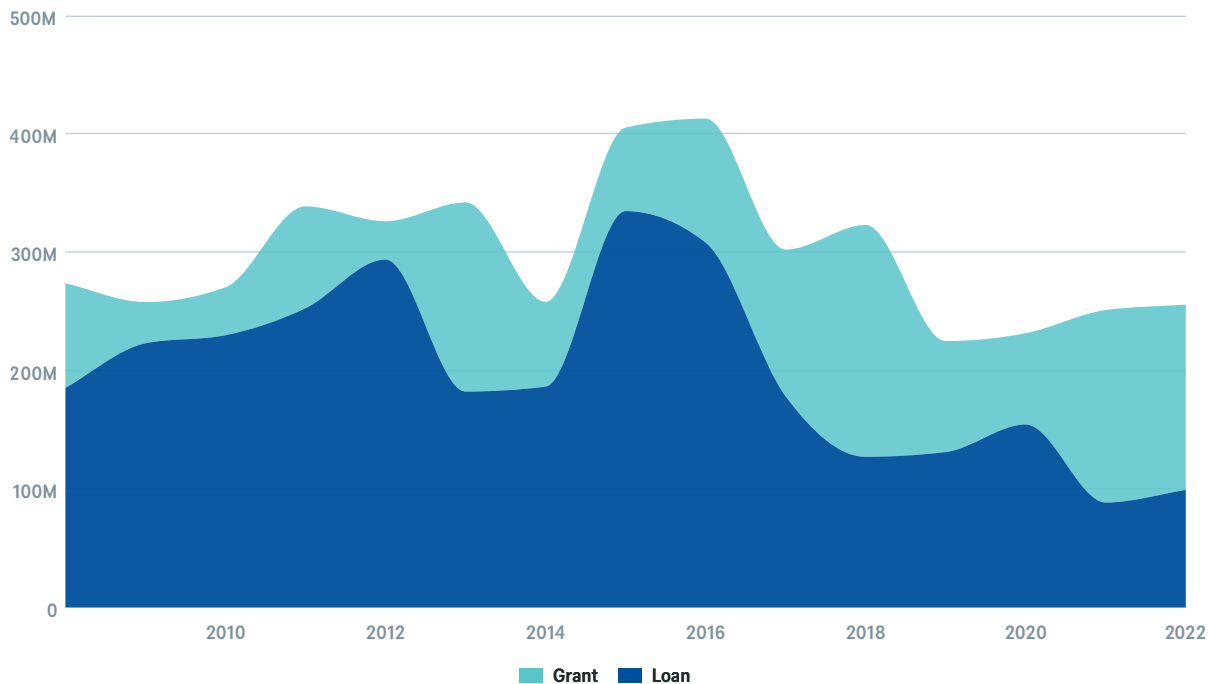
However, in 2022, Chinese development support to the Pacific grew to \$256 million, a 6% increase on 2020–21 average spending levels. A modest uptick in spending, paired with declining support from Japan, New Zealand, and the United States, has meant China has regained its position as the region’s second-largest bilateral ODF donor in 2022. That year, the multilateral development banks emerged as the second and third-largest sources of ODF overall, after Australia.

China’s renewed ambition
Commitments, constant 2022 US\$



Note: This chart excludes an unfulfilled \$4.1 billion Chinese commitment in PNG in 2017 due to its distortive effect on the trend.

China's ODF spending in the Pacific, by flow type
Spent, constant 2022 US\$



There has also been significant change in China's country-level allocations. China's year-on-year ODF spending in PNG declined to \$79 million in 2022, almost half its annual spending average between 2008 and 2019. Fiji and Samoa have seen similar declines from pre-pandemic levels. These spending decreases have been offset by increases in other parts of the Pacific, notably the two countries that switched diplomatic recognition to China from Taiwan in 2019 — Kiribati and Solomon Islands.

However, more significant than the headline spending has been the resurgence in new project commitments, signalling a revival in China's capacity and ambition to engage in major infrastructure projects in the region. The announcement of the \$135 million Vanua Levu Road Upgrade in Fiji in 2024 represents China's largest-ever grant-funded project in the Pacific.

This follows a series of loan-financed project commitments in 2022 and 2023, notably the \$75 million Digital TV Transformation Project in PNG, the \$66 million Huawei cell tower project in Solomon Islands,

and the \$120 million Malekula Phase III roads project in Vanuatu. The Solomon Islands and Vanuatu projects are China's largest single commitments in these countries to date.

The rebound in Chinese commitments is even more pronounced when looking at the smaller Pacific countries (i.e., excluding PNG where large, irregular project commitments often obscure broader regional trends). Excluding PNG, China's average annual commitments in 2022 and 2023 climbed to \$190 million, above the pre-pandemic average of \$169 million.

The wave of new project commitments reverses a three-year downward trend. China's annual commitments for new projects in 2020–21 dropped to decade lows. While the Covid-19 pandemic partly explains the downturn in Chinese infrastructure deals signed, the decline began two years prior. Key factors behind this included rising Pacific debt risks, tighter capital controls in China, and increased competition in the infrastructure space from traditional partners.

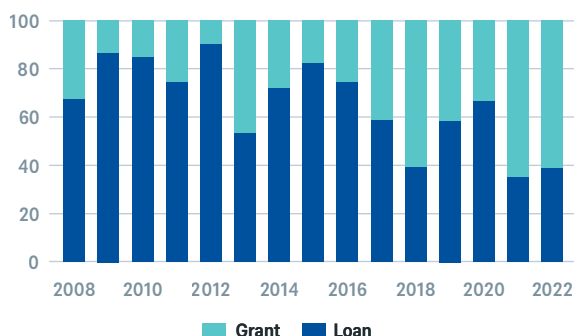
3. Beijing's Pacific strategy gets smarter

China's ODF has acquired a more targeted focus on winning influence in specific countries, involving more grants and community-level outreach.

China has opted for a new double-pronged approach relying on large-scale grant financing, rather than loans, and high-frequency embassy activity in priority countries. This reflects a more competitive and politically attuned method to regional engagement.

From its rise as a major development partner in the late 2000s to its ODF peak in 2016, China's Pacific engagement strategy focused heavily on debt-financed infrastructure and connectivity projects. This played to core strengths, in particular China's construction expertise and the commercial interests of its state-owned enterprises. From 2008 to 2016, China was responsible for 89% of the Pacific's bilateral debt and a third of all bilateral infrastructure works in the region. By the end of 2016, Beijing's policy banks had lent more than \$1.1 billion to the region. China was the major bilateral creditor to multiple Pacific governments that were at moderate or high risk of debt distress. However, this mode of engagement began to shift in 2018. Concerns over project quality and debt sustainability precipitated a drop in demand for Chinese loans. China's annual loan disbursements plummeted to \$120 million, half of what they were in the late 2000s.

Chinese aid is increasingly delivered through grants
% Spent, constant 2022 US\$



The collapse in Chinese lending accelerated through the pandemic, with border closures and domestic economic pressures also halting project implementation. China's narrow infrastructure focus meant its usual channels of engagement were closed off. In 2020, for the first time in the Pacific Aid Map observation period, China signed no new loan deals in the region. ODF spending in 2019 and 2020 hit the lowest levels in decades.

It was from this low point in ODF engagement that Beijing released its new aid strategy white paper, *China's International Development Cooperation in the New Era*.² The new policy emphasises lower risk and more sustainable engagement with developing countries. In the Pacific, the change materialised at both the large and small ends of the ledger. In line with Chinese President Xi Jinping's pronouncements of a new era of "small and beautiful" projects, China's embassies have led a rapid increase in locally targeted, small grants programs. In 2022, China's Pacific Island country embassies were responsible for roughly three times as many community-level projects as seen a decade earlier. These engagements take a variety of forms, including vehicle donations to local governments, cash grants to schools, and the gifting of agricultural equipment to local farmers. The aggregate effect of smaller, more targeted embassy outreach activities on China's regional aid profile has been profound, with average project size after the pandemic dropping to \$2 million, down from \$8 million pre-2020.

Grant financing has also surged. Grant-based projects now comprise close to two-thirds of China's engagement, a stark comparison to pre-pandemic trends. The mobilisation of large-scale grant financing reflects a pragmatic recognition of the interests of regional governments and local players. For instance, the 2024 announcement of the \$135 million Vanua

² *China's International Development Cooperation in the New Era*, The State Council, The People's Republic of China, 10 January 2021, https://english.www.gov.cn/archive/whitepaper/202101/10/content_WS5ffa6bbbc6d0f72576943922.html.

Levu Road Upgrade in Fiji illustrates this trend, marking China's largest grant-funded initiative in the Pacific to date.

However, not all new Chinese engagement has translated into more “beautiful” projects. Indeed, the Pacific Aid Map also highlights Beijing's growing use of large-scale direct budget transfers. Of particular note has been China's contributions to Solomon Islands' Constituency Development Funds and Kiribati's Social Stability Fund, each characterised by weak accountability mechanisms. Contributions to these funds supported China in securing switches in diplomatic recognition, with Beijing providing triple the amount previously coming from Taiwanese ODF programs in both countries. This shift seems set to continue, with the announcement in 2024 of a \$20 million Chinese budget support package to Solomon Islands.³

Moreover, and despite China's loan disbursements remaining significantly below pre-pandemic levels, Beijing has signed several large loans with Melanesian states since 2020. These loans, particularly in Vanuatu and Solomon Islands, are being disbursed into economies where debt risks have significantly worsened over the past five years. The lack of transparency around these loans and uncertainty regarding the efficacy of the projects they finance undermine aspects of China's own debt sustainability frameworks and risk further degrading the political economy of many Pacific Island countries.⁴

3 Stephen Dziedzic and Chrisnrita Aumanu-Leong, “Solomon Islands MP Calls for PM to Shed Light on Country's [AU]\$30 Million Budget Rescue Package from China”, ABC News, 17 July 2024, <https://www.abc.net.au/news/2024-07-17/solomon-islands-china-budget-aid-loan-pacific/104109528>.

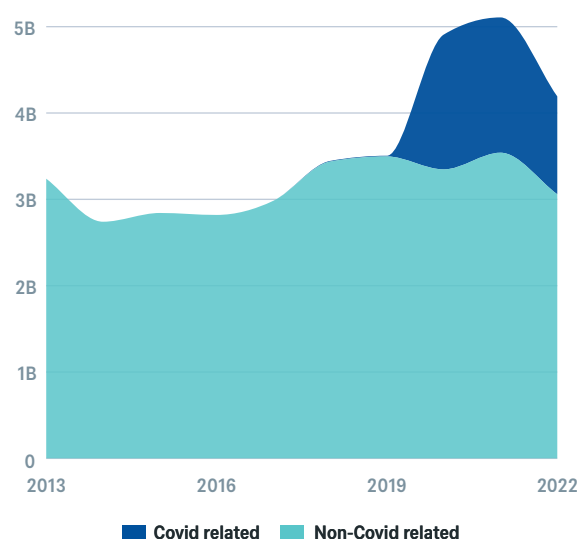
4 “Zou Yiayi Answered Media Questions during an Interview at the Thematic Forum on Financial Connectivity during the Second Belt and Road Forum for International Cooperation”, Ministry of Finance, The People's Republic of China, 25 April 2019, https://www.mof.gov.cn/en/news/spe/202011/t20201104_3616415.htm#:~:text=The%20BRI%2DDSF%20helps%20predict,and%20financing%20decisions%20more%20scientific.

4. Global headwinds complicate the Pacific's ODF outlook

While Covid-related assistance dropped by 60%, non-pandemic development support also fell by 13%.

Between 2020 and 2022, more than \$3.5 billion was committed in counter-cyclical and emergency support during the Covid-19 pandemic. The Asian Development Bank, Australia, and Japan were the largest contributors during this period, accounting for more than three-quarters of all registered regional Covid-19 support. As a result, ODF reached an all-time high in 2021, notably due to budget support programs and the distribution of vaccines by major partners. As expected, Covid-related disbursements have steadily declined, comprising only 15% of all commitments in 2022, compared to 27% in 2020 and 22% in 2021.

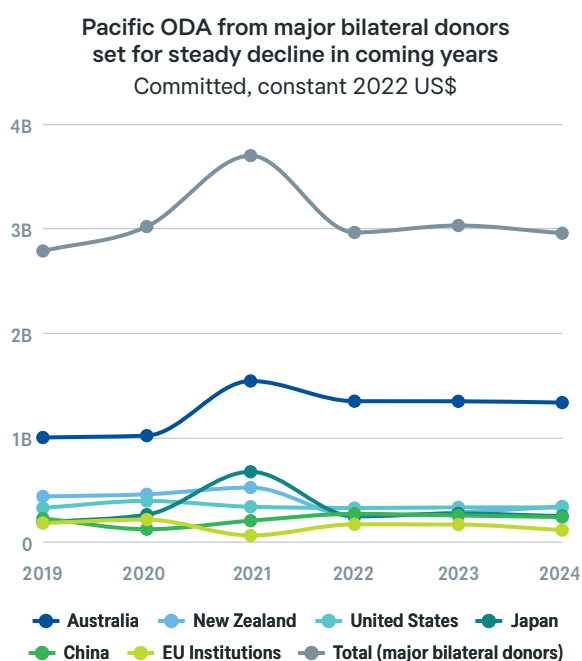
Contraction of Covid-related ODF in the Pacific
Spent, constant 2022 US\$



However, while much of the contraction in ODF in 2022 can be explained by the winding down of pandemic-era aid, non-Covid development support to the region also declined. Two other global factors may explain this more generalised ODF contraction in the Pacific.

The first is the Ukraine effect and a shift in Western donor priorities. While it can be difficult to precisely determine the impact of Russia's 2022 invasion of Ukraine on Pacific ODF trends, the scale and sudden onset of the humanitarian crisis in Ukraine as well as the strategic urgency for many Western governments to support Kyiv in the face of Russian aggression undeniably had an impact on global aid budgets. The Ukraine War has likely reduced funds for other global crises and development programs, including in the Pacific.

In 2022, US aid to Ukraine surged nearly 30-fold, while aid to the Pacific dropped by 13%. However, the effect was most pronounced for Team EU — which includes all European countries and the EU institutions — as it has, on average, provided 6% of total Pacific development support. There was an eightfold increase in European aid to Ukraine, partly due to refugee-related spending. In parallel, European aid to the Pacific fell by 25%.



Secondly, some of Europe's largest donors have also slashed their aid and development budgets, starting with the United Kingdom (under the previous conservative government), followed by Germany and France. Even the traditionally generous Nordic countries are

scaling back, and the European Union is diverting funds away from traditional aid towards refugee inflows. Although Team EU represents a small portion of overall Pacific ODF, the impact of this broader ODF reduction will likely have long-term repercussions in the Pacific Islands region.

Closer to home, inflation has also squeezed Australia and New Zealand's aid budgets, which led to a slight contraction in real terms during the 2021–22 financial year when measured in US dollars.

A generalised contraction in ODF comes at a delicate time for the post-Covid economic trajectory of the Pacific Islands region. Growth has returned to most Pacific Island economies, in part due to the resumption of global tourism and stimulus from public infrastructure projects. However, several downside risks hang over this tentative recovery, including constrained fiscal space, vulnerability to disaster risk, and volatility in global commodity prices and supply chains.

Looking forward, the prospects for Pacific ODA (grants and concessional loans) are bleak. Budget estimates of the Pacific's largest bilateral donors show either flat or declining real ODA support for the region. This does not include multilateral funding to the region.

Australia's ODA budget — which accounts for 40% of the region-wide ODF envelope — is set to rise by 4% in the 2023–24 financial year, with modest growth locked in from there at 2.5% annually to 2027, which is effectively flat when adjusted for inflation.⁵ Japan, the second-largest traditional donor to the Pacific, hit record global ODA levels in 2023 but faces a 6% cut to its ODA budget in 2024 due to economic challenges, with little prospect for future increases.⁶

5 Stephen Howes, "2024 Australian Aid Spending and Effectiveness Update", *DevPolicy Blog*, 15 May 2024, <https://devpolicy.org/2024-aid-spending-and-effectiveness-update/>.

6 Euan Ritchie, "Japan and the US Offset EU Aid Squeeze in 2023, but the Outlook on Aid is Poor", *Development Initiatives*, 18 April 2024, <https://devinit.org/blog/japan-and-the-us-offset-eu-aid-squeeze-in-2023-but-the-outlook-on-aid-is-poor/>.

New Zealand's ODA envelope is set to peak in 2024 with a 23% increase on the previous year; this is expected to decline sharply from 2025 onwards.⁷ US ODA rose by 6% in 2023, largely driven by support for Ukraine, but future aid earmarked for the Pacific remains uncertain due to legislative challenges and political uncertainty.⁸ The EU aid budget saw a modest 3% increase in 2023 and looks likely to hold steady in 2024, but is projected to drop by an average of 31% annually across the Pacific from 2025 to 2027, compared to the 2021–24 allocations.⁹ Finally, according to the Pacific Aid Map team's own estimate, China's ODA is likely to return to pre-pandemic levels, with projected spending of \$250 million annually.

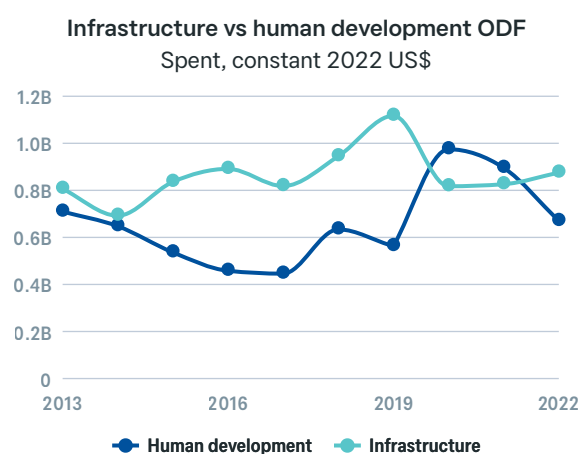
Forward budget estimates for 2023 and 2024 suggest that ODA from major Pacific donors remains higher than pre-pandemic levels, but is in gradual decline. This calculation excludes smaller bilateral donors and multilateral donors. Nevertheless, the situation remains concerning.

To meet the region's development goals and address the effects of an escalating climate crisis, a significant boost above currently projected levels of ODA will be required.

5. Aid securitisation hampers human development

Strategic competition has come with a larger focus on infrastructure, opening gaps in health and education priorities.

Over the past decade, donors have increasingly securitised aid in the Pacific, treating security and development as interlinked.¹⁰ As China emerged as a major development partner in the Pacific, with many Pacific Island countries joining Beijing's Belt and Road Initiative, traditional donors introduced new strategies to strengthen their engagement with the region.¹¹



However, despite growing international engagement with Pacific Island countries, there are reasons to be concerned. In particular, the securitisation of aid leaves the region contending with human development gaps, elevated debt risks, and a more fragmented aid landscape.

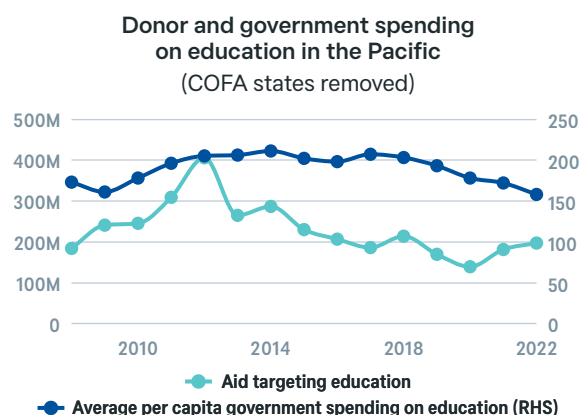
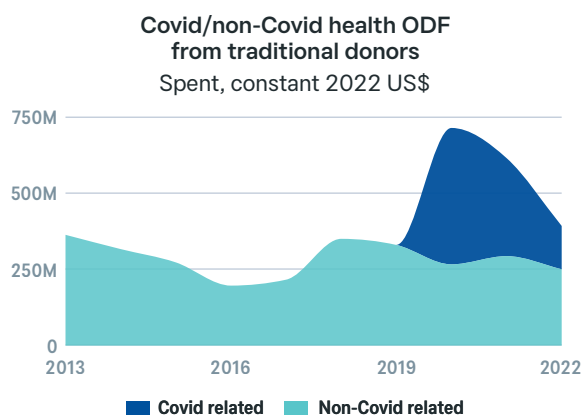
7 Terence Wood, "Aid Budget 2024: New Zealand Set to Join Australia at the Bottom", *DevPolicy Blog*, 4 June 2024, <https://devpolicy.org/aid-budget-2024-new-zealand-set-to-join-australia-at-the-bottom-20240604/>.

8 Euan Ritchie, "Japan and the US Offset EU Aid Squeeze in 2023, but the Outlook on Aid is Poor", *Development Initiatives*, 18 April 2024, <https://devinit.org/blog/japan-and-the-us-off-set-eu-aid-squeeze-in-2023-but-the-outlook-on-aid-is-poor/>.

9 "Official Development Assistance: The EU and its Member States Remain the Biggest Global Provider", European Council, Council of the European Union, 24 June 2024, [Devex, 26 September 2024, <https://www.devex.com/news/scoop-the-eu-aid-cuts-revealed-108390>.](https://www.consilium.europa.eu/en/press/press-releases/2024/06/24/official-development-assistance-the-eu-and-its-member-states-remain-the-biggest-global-provider/#:~:text=In%20its%20report%2C%20the%20Council,EUR%2071.6%20billion%20in%202021; Vince Chadwick,)

10 Anna Powles, *Pacific Waves*, Radio New Zealand, 6 June 2018, <https://www.rnz.co.nz/international/pacific-news/356977/blurring-of-australian-aid-to-pacific-raises-concern>.

11 Lily Kuo and Niko Kommenda, "What is China's Belt and Road Initiative?", *The Guardian*, undated, <https://www.theguardian.com/cities/ng-interactive/2018/jul/30/what-china-belt-road-initiative-silk-road-explainer>.



Following China's example, donors have increasingly shifted their focus towards infrastructure development. In 2008, infrastructure accounted for 15% of the ODF package; by 2019, just before the pandemic, this figure had doubled. Meanwhile, human development initiatives in health and education, primarily financed by traditional partners, have dropped by 8% over the period when excluding Covid-related support. This despite persistent development challenges in the region, such as limited healthcare access and inadequate education — particularly in literacy, vocational training, and higher education.

In the health sector, non-Covid health aid has dropped by 28% since peaking in 2018 — a troubling trend given the region's growing health challenges. Meanwhile, aid for education has also fallen sharply over the last decade, hitting a record low in 2020.

Commitment numbers reveal that future infrastructure financing is set to surge dramatically, with signed infrastructure deals rising by 67% in 2022, while human development funding will come back just above levels of a decade ago.



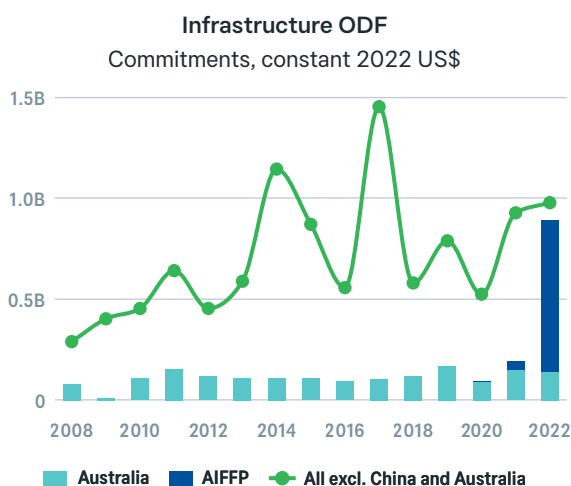
6. The infrastructure race poses growing debt risks

Some 60% of infrastructure financing in the Pacific is now being financed by loans.

Infrastructure financing is delivering much-needed development projects and gains across the region. But it must be approached with caution, as it also poses the risk of leading to unsustainable debt levels. Infrastructure loans increased by 56% between 2008 and 2018. Since 2020, ten new infrastructure loans have been announced by Australia, six by China, and two by the European Union. The region's remaining infrastructure loans were announced by the two major multilateral development banks (MDBs): eight by the Asian Development Bank and six by the World Bank. Overall, 60% of infrastructure financing in the Pacific is being funded by loans.

While 75% of these loans are directed to the region's largest economies, such as PNG and Fiji, the remaining quarter is allocated to smaller economies, a majority of which already face elevated debt risks. For example, both Solomon Islands and Vanuatu have recently received large infrastructure loans, not only from China but also the two MDBs. According to the International Monetary Fund, both economies are classified as being at moderate risk of debt distress, with limited capacity to absorb economic shocks. Both countries are also at the forefront of the impact of climate change. Debt suspension clauses, which automatically pause payments after major disasters or shocks, could offer one element of a potential solution moving forward.¹²

A significant portion of regional infrastructure allocations is now being driven by the Australian Infrastructure Financing Facility for the Pacific (AIFFP). In 2022, the AIFFP committed nearly \$750 million to projects in PNG, Fiji, Micronesia, Nauru, and Palau in an attempt to displace China's dominance in the Pacific's infrastructure development landscape. This increased annual regional infrastructure development commitments by 60% in 2022 alone.

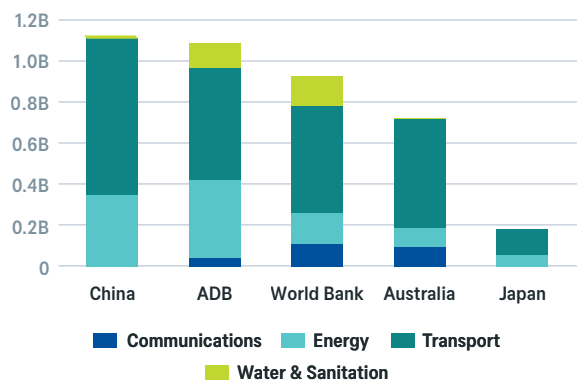


12 Roland Rajah and Riley Duke, “De-Risking Developing Country Debt”, *The Interpreter*, 24 November 2023, <https://www.lowyinstitute.org/the-interpreter/de-risking-developing-country-debt>.

It is important to note that while Australia and multi-lateral development banks have become major lenders in the Pacific, their lending practices adhere to frameworks designed to assess and manage risks to a country's debt sustainability. In contrast, China does not appear to follow comparable frameworks, which may lead to significant debt burdens for borrowing countries in the region.¹³

However, despite efforts by traditional donors to crowd out China, the latter continues to lead in pipeline (committed) infrastructure spending, largely due to legacy projects in the transport and energy sectors — even if it remains unclear how many of these projects will ultimately be completed. Multilateral development banks follow closely behind China in terms of projects awaiting implementation. Australia's recent AIFFP investment means that Canberra is catching up in the transport sector.

Infrastructure spending pipeline, by sector and partner, 2013-22
Committed minus Spent, constant 2022 US\$



Note: This chart excludes an unfulfilled \$4.1 billion Chinese commitment in PNG in 2017 due to its distortive effect on the trend.

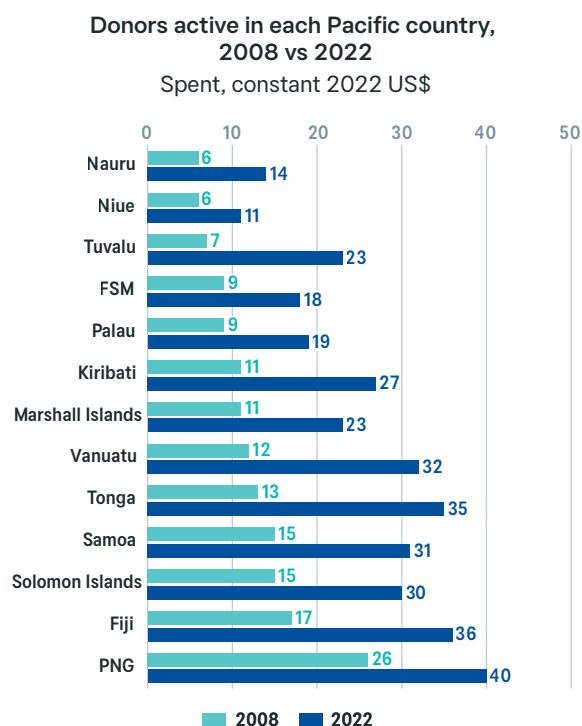
13 Roland Rajah, Alexandre Dayant, and Jonathan Pryke, *Ocean of Debt? Belt and Road and Debt Diplomacy in the Pacific*, Lowy Institute, Analysis, 21 October 2019, <https://www.lowyinstitute.org/publications/ocean-debt-belt-road-debt-diplomacy-pacific>.

7. Geopolitics drives fragmentation of aid

The rise of “micro-donors” has meant that the same amount of ODF per capita is being dispersed across many more projects by many more donors.

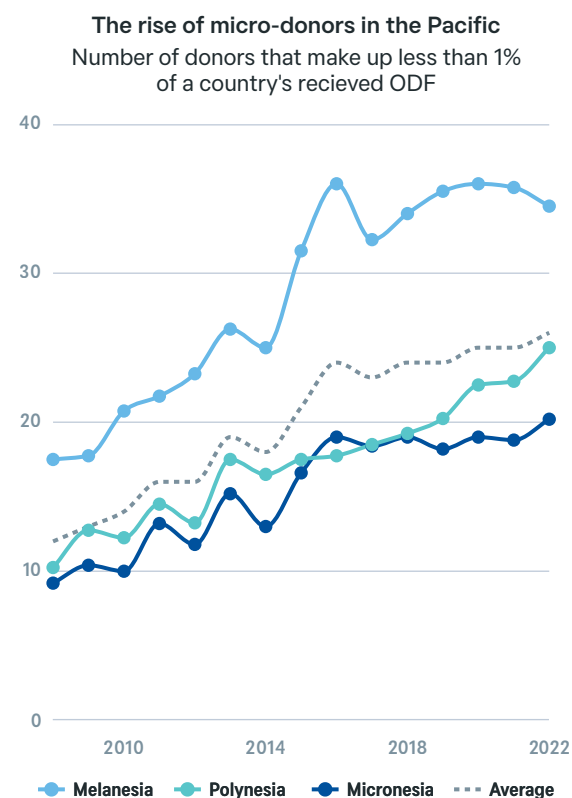
Over the past decade, the number of bilateral aid partners in the Pacific has doubled, while the total inflation-adjusted ODF envelope has only grown by a third — approximately in line with the region’s population growth. In parallel, the number of projects has nearly doubled. This means more donors are spreading the same amount of aid per capita across many smaller projects in the region.

Fragmentation matters because each aid relationship, regardless of its size, imposes an administrative burden on the recipient government. Smaller and one-off projects tend to be less efficient because they come with high fixed costs. This is particularly problematic in the Pacific, where governments have limited administrative capacity.



Since 2008, there has been a significant surge in the “long tail” of aid flows across all Pacific sub-regions, marked by a growing number of micro-donors — those contributing less than 1% of a recipient country’s total ODF inflows. Fiji provides one such example: in 2008, the country had six micro-donors running programs totalling less than 1% of Fiji’s ODF inflow. By 2022, it had 20.

Many of these smaller bilateral donors are relatively new to the Pacific and a majority are European. Out of the Pacific’s 20 most lightweight donors, 17 are from Europe. While some act on humanitarian grounds or as part of broader diplomatic or Indo-Pacific strategies, others are driven by less altruistic goals, such as securing UN votes, often lacking the long-term focus needed to drive meaningful development outcomes.



Note: This chart displays the annual number of active insignificant donors (contributing less than 1% of a recipient country’s total ODF inflows) in each Pacific Islands country, averaged across each sub-region.

8. Taiwan drops off from the Pacific's top ten bilateral donors

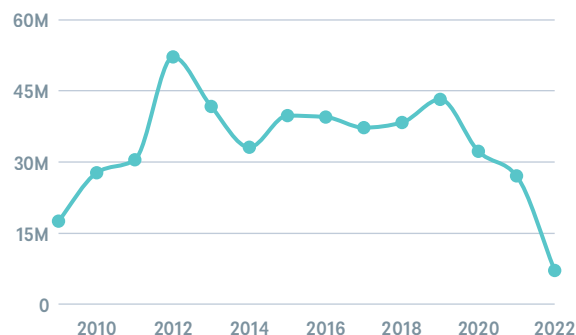
Taipei's ODF to the Pacific declined to just \$7.2 million in 2022, less than a fifth of its historical average.

Taipei's regional ODF spending has plummeted as its diplomatic channels have closed off. The decline marks Taiwan's first exit from the Pacific's top ten bilateral donors in the Pacific Aid Map's 15-year observation period. The contraction in aid corresponds with Taiwan's loss of diplomatic partners as it has struggled to maintain diplomatic recognition against an increasingly influential China.

Taiwan's ODF spending in the Pacific declined for three consecutive years following the loss of Kiribati and Solomon Islands as diplomatic partners in 2019. The abrupt switch of Nauru in early 2024 further narrows Taiwan's diplomatic foothold in the region. As a result, Taiwan is now left with only three Pacific partners: Marshall Islands, Palau, and Tuvalu.

China's aid involvement in the Pacific has grown to pursue various objectives, but reinforcing the "One China" policy remains a key motivating factor in its regional engagement, emphasising that Taiwan is part of China, with Beijing as the sole legitimate government. Consequently, countries can only diplomatically recognise — and thus receive aid and development funding from — one of the two governments.

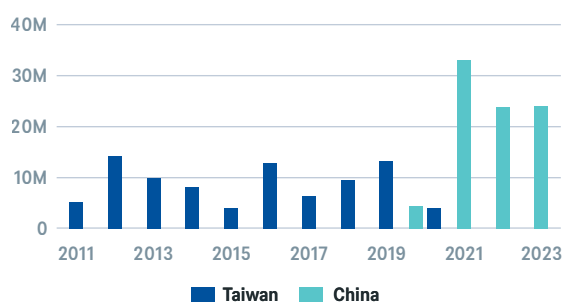
Taiwan's Pacific aid in freefall
ODF spent, constant 2022 US\$



In Kiribati and Solomon Islands, fresh annual ODF flows from China are three times the level provided by Taiwan prior to their diplomatic switches to Beijing. In both cases, China took over a majority of pre-existing Taiwanese projects, budget support measures, and discretionary spending funds. For Kiribati, the switch included the announcement of a \$50 million grant package with financing for purchase of an Embraer commercial aircraft and refurbishment of the Canton airstrip. Similarly, Solomon Islands received \$60 million in grant financing for the 2023 Pacific Games Stadium Project. Beyond ODF, both countries also saw jumps in two-way trade with China and an uptick in Chinese tourist arrivals.

The reduction in Taiwanese spending has not solely been driven by the loss of diplomatic partners in the region. Taiwan's ODF flows to its ongoing Pacific

Chinese and Taiwanese ODF to Kiribati
Spent, constant 2022 US\$



Chinese and Taiwanese ODF to Solomon Islands
Spent, constant 2022 US\$



Note: Taiwan is included in the Pacific Aid Map as a self-governing territory claimed by China.

partners have also dipped below historical averages, which may be indicative of a broader policy change. Following the loss of Honduras as a diplomatic partner in 2023, Taiwan's then-president Tsai Ing-wen signalled a change in approach, stating that Taipei would no longer “engage in a meaningless contest of dollar diplomacy with China”.¹⁴

In the face of wavering Taiwanese support and robust counter-offers from China, one open question is how much longer Taiwan can maintain its remaining diplomatic ties in the Pacific. China continues to offer lucrative deals to Taiwan's remaining Pacific partners. In 2024, Palau's President Surangel Whipps Jr published an open letter claiming that Chinese officials were attempting to bribe Palauan officials, promising aid, tourists, and \$20 million in financing for a call centre.¹⁵

The status of Palau and Marshall Islands as Compact of Free Association (COFA) states with the United States makes a diplomatic switch less likely, however the agreements provide no explicit guarantees. The Federated States of Micronesia is part of the same COFA arrangement but has recognised China since 1989 and continues to receive high levels of Chinese ODF support. Tuvalu, the only non-COFA Pacific state recognising Taiwan, also looks unlikely to change. Taiwan has been one of Tuvalu's closest international partners over the past decade and is the focus of more than 80% of Taiwan's post-2019 ODF spending in the region. Tuvalu's signing of the Falepili Union with Australia, an agreement that brings Australia into the country's security and defence decision-making, further reduces the likelihood of a switch in diplomatic recognition.

14 Tsai Ing-wen, Office of the President, Republic of China (Taiwan), “President Tsai Delivers Remarks on the Termination of Diplomatic Relations with the Republic of Honduras”, 26 March 2023, <https://english.president.gov.tw/News/6464#:~:text=We%20will%20not%20engage%20in,disrupt%20regional%20peace%20and%20stability.>

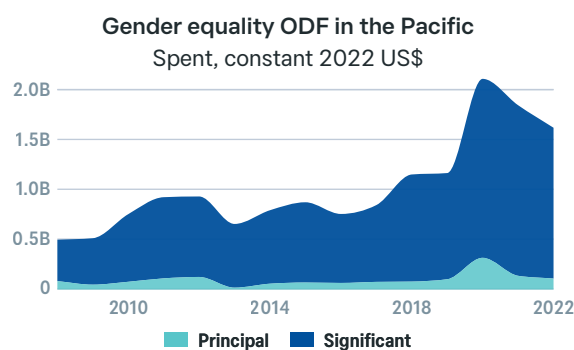
15 Cleo Paskal, X/Twitter, 15 February 2024, <https://x.com/CleoPaskal/status/1757917726088331489>.

9. The pandemic response has driven progress on cross-cutting priorities

Gender equality, climate action, and aid localisation efforts have gained greater attention, but further work is needed.

GENDER EQUALITY

Gender inequality remains a persistent challenge in Pacific Island countries, yet donor funding to address it lags behind the global average. Between 2008 and 2022, only 3% of total aid to the Pacific was dedicated to projects where gender equality was a “principal” focus, below the global average of 4%. Projects with “significant” gender equality objectives made up 29% of ODF, compared to a figure of 40% globally.



The highest point for gender equality financing occurred in 2020 due to gender equality objectives being incorporated into Covid-19 support packages, with a sharp rise in gender equality-focused loans from the Asian Development Bank and Japan. However, as overall aid to the Pacific contracted in 2022, gender equality financing took a hit, particularly from Japan, which registered a 13% larger drop in gender equality-focused aid than in its overall ODF. In contrast, major donors such as the Asian Development Bank have continued to prioritise gender equality objectives, with the ADB accounting for half of the region's total gender equality financing by 2022. Partly as a result, gender equality development financing remains well above pre-pandemic levels.

Australia's global aid program shows a lower share of gender-focused projects in the Pacific compared to the rest of the world. Yet this may be temporary. Australia has recently reinstated a target for 80% of its development funding to comprise a gender equality component, and now requires gender objectives in all projects exceeding AU\$3 million. This policy has the potential to triple Australia's current levels of gender equality financing in the Pacific. If fully implemented, Canberra's renewed commitment would also boost overall gender equality development funding in the region by 33%.

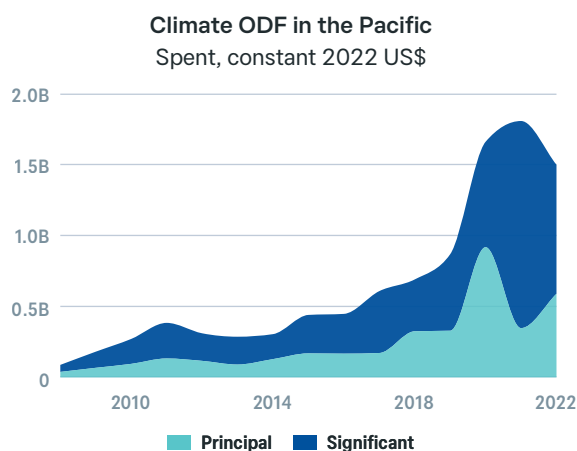
CLIMATE ACTION

The International Monetary Fund estimates Pacific Island countries face an annual climate adaptation gap of 6.5% to 9% of GDP, or \$2.4 to \$3.4 billion. With their small economies and significant development challenges, these countries rely heavily on external financing for adaptation efforts.

Between 2008 and 2019, climate financing in the Pacific grew steadily from a small base, with annual disbursements averaging \$369 million, or 13% of total ODF. About 36% of these projects had a "principal" focus on climate adaptation and/or mitigation objectives. During the pandemic, climate-related financing surged, with more than 35% of 2021 ODF marked as being related to climate change — more than double the prior decade's average. However, much of this increase came from projects where climate goals were classed as "significant" rather than "principal" objectives, often incorporated into pandemic recovery packages.

In 2022, despite an annual contraction in climate ODF mirroring the overall ODF decline, the increase in "principal" climate projects highlights a positive trend, with total climate ODF staying above pre-pandemic levels. In addition, partial data indicates that climate ODF since the pandemic has increasingly shifted towards adaptation efforts rather than mitigation. This focus aligns with the Pacific's unique circumstances as a tiny source of global emissions that nonetheless faces some of the most severe impacts of climate change. The pandemic has significantly accelerated adaptation initiatives, particularly through

infrastructure projects aimed at bolstering resilience to climate-related threats such as rising sea levels and extreme weather events.



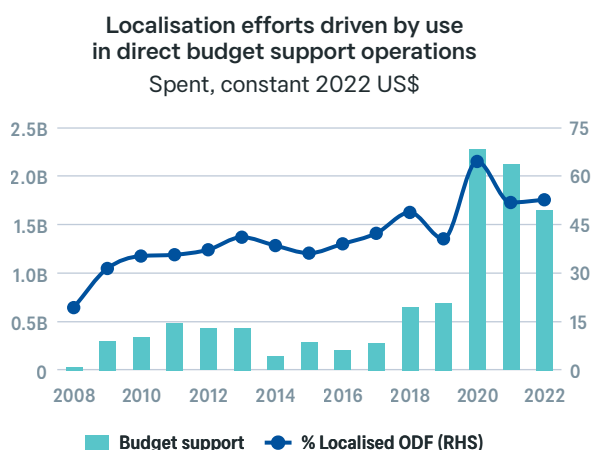
While the overall outlook for climate funding is positive, it remains magnitudes lower than estimated requirements.

AID LOCALISATION EFFORTS

Globally, aid agencies are increasingly focusing on "localisation", which involves providing more direct funding to local groups. But progress has been slow, with risk aversion, administrative hurdles, dual accountabilities, divergent values, and power asymmetries being the main challenges.

In Pacific Island countries, however, localisation efforts have improved significantly. For the first time, the 2024 edition of the Pacific Aid Map examines donors' efforts to localise aid in the Pacific, focusing on implementation channels and partner organisations used by donors. Aid is considered localised when the implementing partner is the recipient government (through its departments and ministries), a regional or local public organisation, or a local non-governmental organisation (NGO).

Localisation efforts have increased steadily over the past decade. In 2008, localised projects accounted for 19% of total ODF projects. This had jumped to 52%

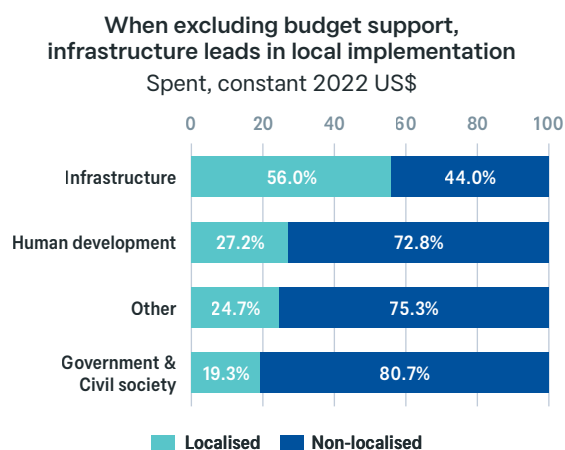


by 2022. Of this, 88% was directly implemented by the central governments of the recipient countries, while the remaining funds were managed by various regional agencies and organisations, including the Secretariat of Pacific Communities, the Pacific Islands Forum and its affiliated bodies, such as the Forum Fisheries Agency, as well as local NGOs, to a much lesser extent.

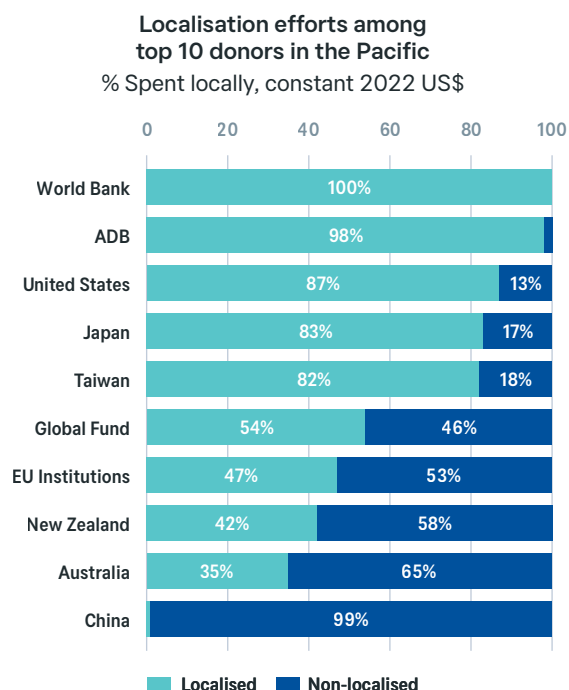
Direct budget support during the pandemic has significantly boosted aid localisation efforts, with Australia alone providing more than \$1.4 billion to the PNG Treasury in the past three years. However, when excluding budget support, the infrastructure sector emerges as the primary area where local governments and organisations take the lead in implementation.

This trend is mostly driven by large infrastructure investments from major MDBs. While funding flows directly to recipient governments, those governments must nevertheless adhere to MDB procurement rules for disbursement. For large infrastructure projects, this often results in Pacific Island governments contracting accredited international firms, despite receiving the funds locally.

Among all bilateral donors, the United States leads the way for its aid localisation efforts in the region, through the financing provided under the COFA payments to North Pacific states. Each year, 80% of US ODF funding is spent directly by the central governments and public sector institutions of the COFA countries.



There is a strong global push among major donors for locally led development, with many aligning their efforts to support the Sustainable Development Goal on localisation. Notably, Australia's new International Development Policy commits to increased investment in locally led solutions, while the US Agency for International Development (USAID) recently announced an enhanced commitment to transparency, inclusivity, and responsiveness to local actors. We expect this positive trend to continue.



Country profiles

COOK ISLANDS

Key trends and development challenges

Cook Islands is a self-governing territory in free association with New Zealand, located in the Pacific sub-region of Polynesia. In 2022, the GDP of Cook Islands was \$256 million, making it one of the smallest economies in the Pacific. The country has a population of 19,200 (2022), resulting in a GDP per capita of \$13,300, the second-highest in the Pacific. While its economy is small, Cook Islands has an extensive ocean territory and plentiful marine resources. The country's Exclusive Economic Zone (EEZ) covers more than 1.96 million square kilometres, the 19th-largest globally, and is comparable in size to the EEZ of India.

In 2020, Cook Islands graduated from the Organisation for Economic Co-operation and Development's list of official aid recipients. As such, in 2022 it was the lowest per capita aid recipient in the Pacific. Cook Islands is the first Pacific Islands state to graduate from aid since 2000, an indicator of its strong economic performance and sound fiscal management. Despite its classification as a high-income country, Cook Islands still faces significant growth challenges and remains highly exposed to climatic shocks. The country's highly dispersed population — spread over 15 islands — significantly increases the per capita cost of basic service delivery.

Cook Islands' economy relies heavily on tourism, with the leisure economy accounting for around 85% of GDP. The Covid-19 pandemic significantly disrupted the country's economy, as border closures and slow global tourism rebound hampered growth. Encouragingly, 2023 visitor arrival estimates were close to parity with pre-pandemic levels. Among Cook Islands' key development priorities are the diversification of its economy beyond tourism and the building of climate-adapted public infrastructure.

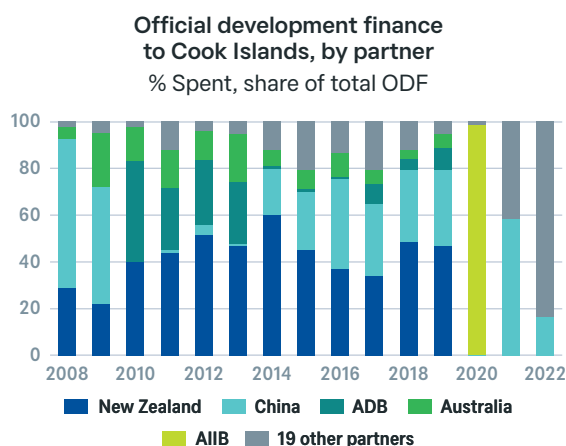
\$517M SPENT	\$588M COMMITTED	667 PROJECTS	88% STATUS
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Over the 2008–22 period, more than 650 aid and development projects were implemented by 24 development partners in Cook Islands. Cumulatively, these projects saw total Official Development Finance (ODF) spending of \$516 million in real terms, or about \$34 million per year on average. During this period, loans made up 23% of total ODF flows to the country, the fourth-highest share in the Pacific. As a result of its graduation from aid, grant financing to Cook Islands in 2021–22 was 98% lower than the pre-pandemic average. Consequently, the role of aid to the Cook Islands economy is the lowest in the Pacific. ODF makes up just 0.1% of the country's GDP, a sharp fall from a peak of 16% in 2015.

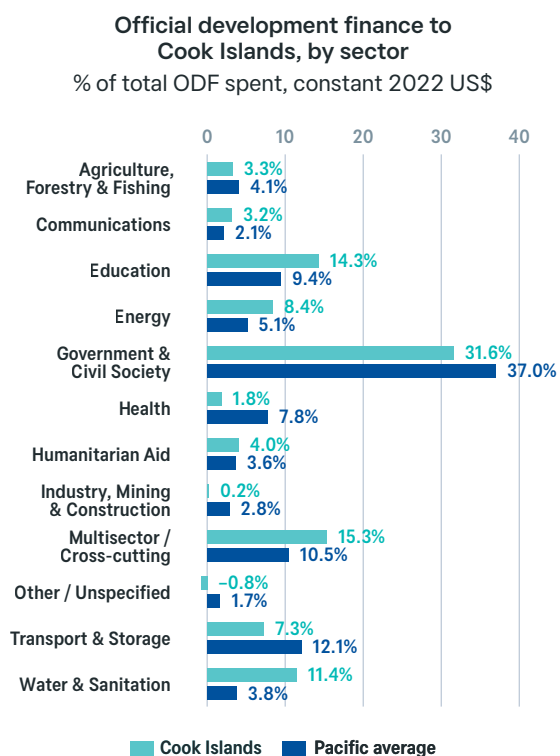
Development partners and sector trends

The vast majority (85%) of ODF support to Cook Islands since 2008 has come from four development partners: New Zealand (42%), China (22%), the Asian Development Bank (12%), and Australia (9%). Donor concentration in Cook Islands is among the highest in the Pacific.





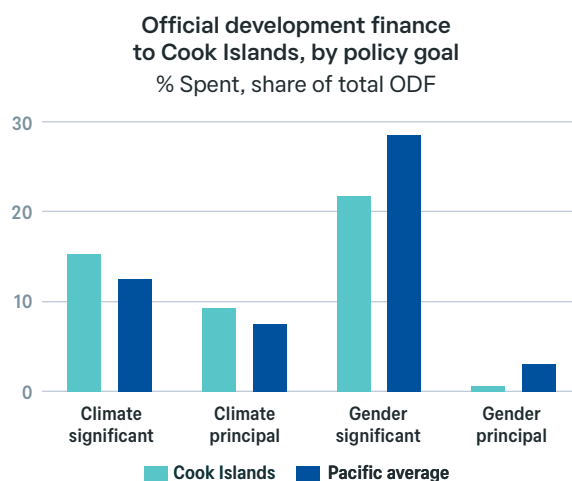
New Zealand's aid to Cook Islands has typically focused on education and governance. Conversely, China's support has focused on infrastructure, in particular the building of government offices, court houses, and sporting facilities. The last major financing package received by Cook Islands was a \$20 million loan from the Asian Infrastructure Investment Bank, through its Covid-19 Crisis Recovery Facility.



Since 2008, Cook Islands has received \$54 million in development financing with a “principal” focus on either climate adaptation or mitigation. Over this period, the country has seen \$71 million in development financing with a “significant” focus on climate outcomes.

As a share of total ODF received by Cook Islands, “principal” climate projects make up 9% of total spending, in line with the Pacific regional average. Similarly, spending on “significant” climate projects in Cook Islands makes up 15% of incoming funds, slightly above the regional average of 13%. To date, the most significant climate investment in Cook Islands has been the Pacific Renewable Energy Program funded by New Zealand and the Asian Development Bank, a project building renewable energy infrastructure in the country's remote outer islands.

Between 2008 and 2022, Cook Islands received \$3 million in development financing with a “principal” focus on gender equality, and \$105 million in development financing with a “significant” focus on gender equality. “Principal” gender equality financing constituted 0.6% of ODF received by the country, below the regional average of 2%. “Significant” marked gender financing made up 22% of incoming ODF, in line with the regional average. The largest project directly targeting gender equality in Cook Islands was the \$393,000 Women's Counselling Centre, built by New Zealand in 2012.

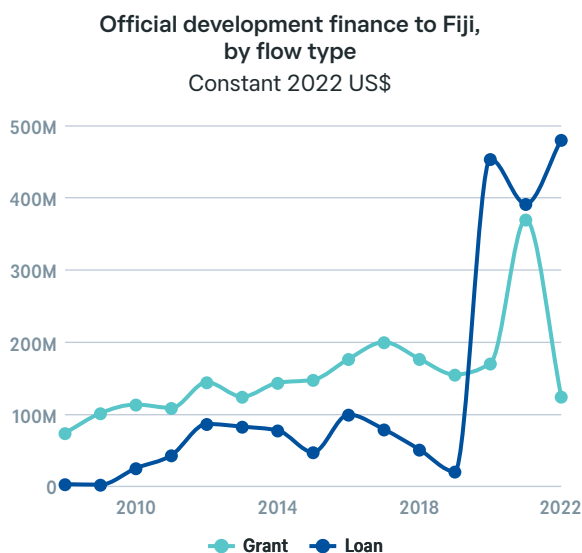


FIJI

Key trends and development challenges

Fiji is a small island developing state located in the Pacific sub-region of Melanesia. With a 2022 GDP of \$4.94 billion, Fiji is the second-largest economy in the Pacific, and accounts for 12% of regional GDP. Fiji has a population of 932,000 (2022), resulting in a GDP per capita of \$5,300, the seventh-highest in the Pacific. The country's Exclusive Economic Zone (EEZ) covers more than 1.28 million square kilometres, the 26th-largest globally, and is comparable in size to the EEZ of Argentina.

Fiji historically has one of the lowest Official Development Assistance (ODA) to Gross National Income (GNI) ratios in the Pacific Islands region, with aid accounting for only 2.5% of national income between 2008 and 2020. However, in the wake of the pandemic, this share spiked to 15%. The jump was a product of both increased development support to the country during the pandemic and a contraction in Fijian incomes. In a global context, Fiji is now among the most aid-reliant countries in the world, ranking 30th among 127 developing countries for its ODA/GNI ratio. At 0.729, Fiji's Human Development Index score ranks 104th out of 193 ranked countries.



\$4.3B SPENT	\$4.8B COMMITTED	4,073 PROJECTS	89% STATUS
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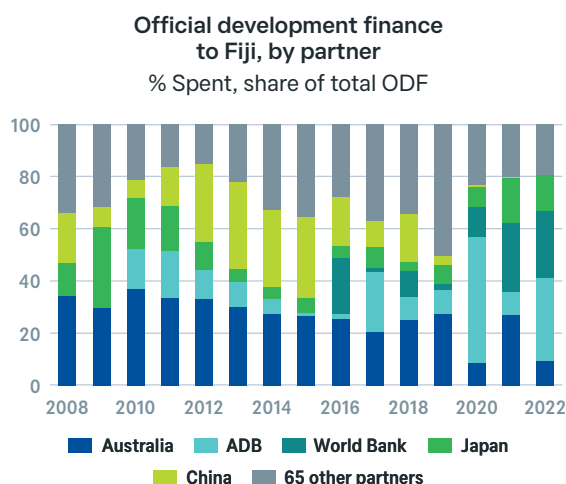
Fiji's post-Covid economic recovery has been strong, with growth returning to pre-pandemic trends. However, the risk of major climatic shocks poses a persistent threat to the country's development trajectory and economic stability. As such, the Fijian government's development agenda places a strong emphasis on climate-adapted infrastructure and disaster preparedness measures.

Between 2008 and 2022, annual Official Development Finance (ODF) to Fiji — including grants, loans, and other forms of assistance — averaged \$287 million. As a share of Fiji's total received development support, loan-financed projects have increased significantly. In 2008, loans accounted for just 5% of total incoming ODF, while in 2021 and 2022 they made up 51% and 79%, respectively. Despite this jump, the International Monetary Fund still ranks Fiji's risk of debt distress as moderate, in part a result of the high concessionality of the loans received by the country.

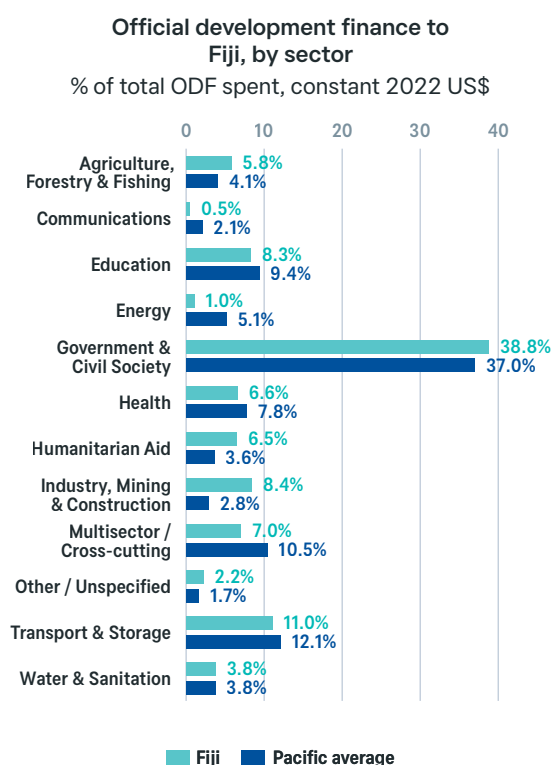
Development partners and sector trends

Three-quarters of the ODF support to Fiji comes from its largest five development partners, led by Australia (23%), the Asian Development Bank (18%), the World Bank (12%), Japan (11%), and China (11%). Fiji has one of the lowest levels of donor concentration in the Pacific, with its incoming ODF coming from a variety of bilateral and multilateral sources.

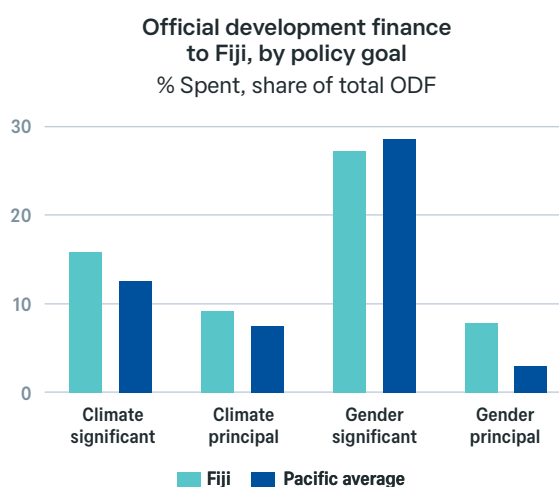
ODF in Fiji was largely in line with regional trends in terms of sector distribution. Fiji's only sectoral outliers relate to its higher level of incoming humanitarian assistance and spending on industry, mining, and construction. Distinct from regional trends, infrastructure spending declined in Fiji in the mid-2010s, only increasing in the wake of the pandemic.



Since 2008, Fiji has received \$160 million in development financing with a “principal” focus on either climate adaptation or mitigation. Over this same period, the country has seen \$783 million in development financing with a “significant” focus on climate outcomes.



Since the early-2010s, Fiji has seen steady growth in climate-targeting projects, a trend mirrored across most of the Pacific. As a share of total ODF received by Fiji, “principal” climate projects make up 9% of total spending, in line with the Pacific regional average. Spending on “significant” climate projects in Fiji makes up 16% of incoming funds, above the regional average of 13%. To date, the largest climate ODF investment in Fiji has been the Fiji Urban Water Supply and Wastewater Management Project financed by the Green Climate Fund.



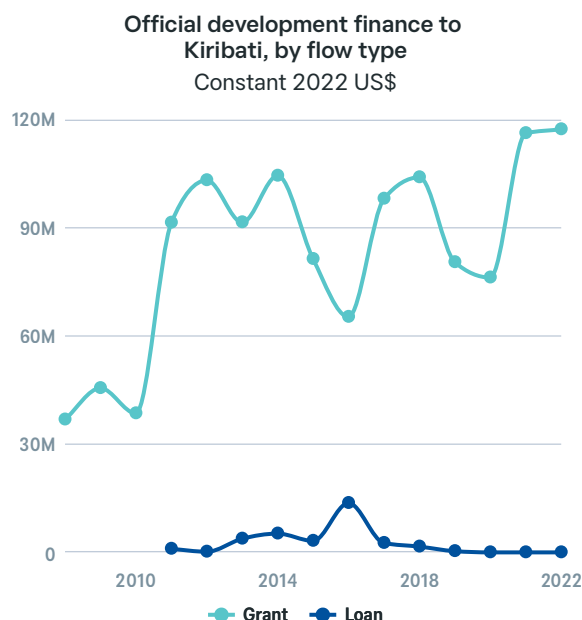
Between 2008 and 2022, Fiji received \$337 million in development financing with a “principal” focus on gender equality, and \$1.2 billion in development financing with a “significant” focus on gender equality. “Principal” gender equality financing constituted 8% of ODF received by the country, well above the regional average of 2%. Notably, “significant” marked gender financing made up 27% of incoming ODF, above the regional average of 21%. The largest project directly targeting gender equality in Fiji was the multi-year \$44 million Pacific Women Shaping Pacific Development program, funded by Australia.

KIRIBATI

Key trends and development challenges

Kiribati is an atoll state located in the Pacific sub-region of Micronesia. With a GDP of \$179 million in 2022, Kiribati is one of the smaller economies in the Pacific, accounting for 0.5% of regional GDP. With a population of 131,000 (2022), Kiribati's GDP per capita is \$1,700 — the lowest in the Pacific. Despite its small economy, the country's Exclusive Economic Zone (EEZ) covers 3.44 million square kilometres, the 12th-largest globally, and is comparable in size to the EEZ of Mexico.

Kiribati has the sixth-highest Official Development Assistance (ODA) to Gross National Income (GNI) ratio in the Pacific Islands region, with aid accounting for 18% of national income. In a global context, Kiribati is among the most aid-reliant countries in the world, ranking eighth among 127 developing countries for its ODA/GNI ratio. Kiribati's population is highly dispersed over the country's 32 remote atolls and single raised coral island. Common to many Pacific Island states, the country's distant and dispersed population significantly increases the per capita cost of service delivery.



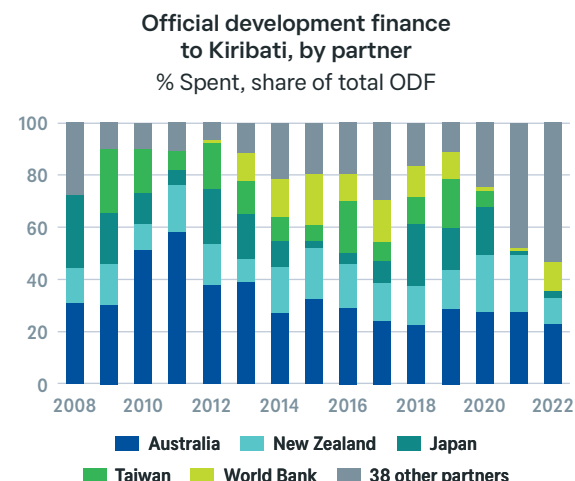
\$1.3B SPENT	\$1.8B COMMITTED	2,279 PROJECTS	70% STATUS
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The Kiribati government is highly dependent on fisheries income, with tuna licensing and access fees accounting for 70% of fiscal revenue between 2015 and 2020. The Kiribati government's development agenda highlights improvements to education and health outcomes for its citizens, as well as the climate-proofing of public infrastructure. At 0.628, Kiribati's Human Development Index score ranks 137th out of 193 ranked countries.

Between 2008 and 2022, annual Official Development Finance (ODF) disbursements to Kiribati — including grants, loans, and other forms of assistance — averaged \$85 million. Even when adjusting for inflation, Kiribati has seen a substantial rise in total development flows over the past 15 years. In 2022, the Pacific Islands state received \$117 million in development assistance, close to three times the level of disbursements seen in 2008. Only 2% of the development finance received by Kiribati between 2008 and 2022 came in the form of loans.

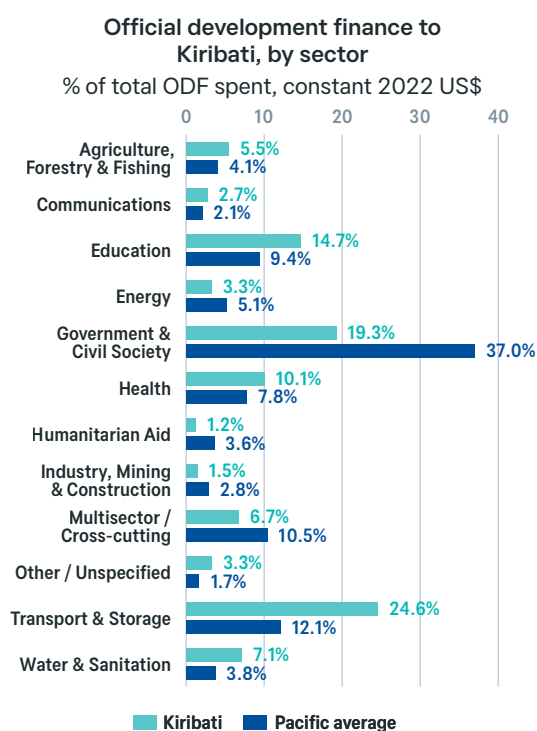
Development partners and sector trends

The vast majority (77%) of ODF support to Kiribati has come from five development partners, led by Australia (32%), New Zealand (16%), Japan (12%), Taiwan (10%),



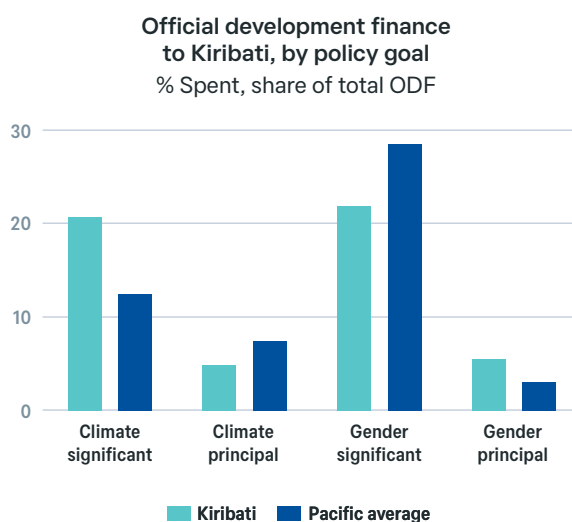
and the World Bank (8%). Australia's largest ODF programs in the country have focused on the education and health sectors.

However, after switching recognition from Taiwan to China in 2019, Chinese ODF has played an increasing role in financing development in Kiribati. China has become the country's second-largest aid partner, financing commercial aircraft for the national carrier, agricultural projects, and budget support programs.



ODF disbursements to Kiribati are distinct from regional trends in terms of sector distribution. Projects focused on government and civil society only make up 20% of incoming flows, compared to the regional average of 36%. Conversely, spending on water and sanitation, transport, and education are all significantly higher than regional averages. Since 2011, Kiribati has seen significantly more spending on infrastructure than human development. While the pandemic briefly inverted this trend in 2020, infrastructure spending has bounced back in 2021–22 largely due to a spike in Chinese investment.

Over the past 15 years, Kiribati has received \$71 million in development financing with a “principal” focus on either climate adaptation or mitigation. Over this same period, the country has seen \$236 million in development financing with a “significant” focus on climate outcomes. Since the late-2010s, Kiribati has seen steady growth in climate-targeting projects, a trend mirrored across most of the Pacific. As a share of total ODF received by Kiribati, “principal” climate projects make up 5% of total spending, below the regional average of 9%. Conversely, spending on “significant” climate projects in Kiribati makes up 21% of incoming funds, above the regional average of 13%. To date, the largest ODF climate investment in Kiribati has been the Kiribati Adaptation Project, financed by the Australian government and the World Bank.



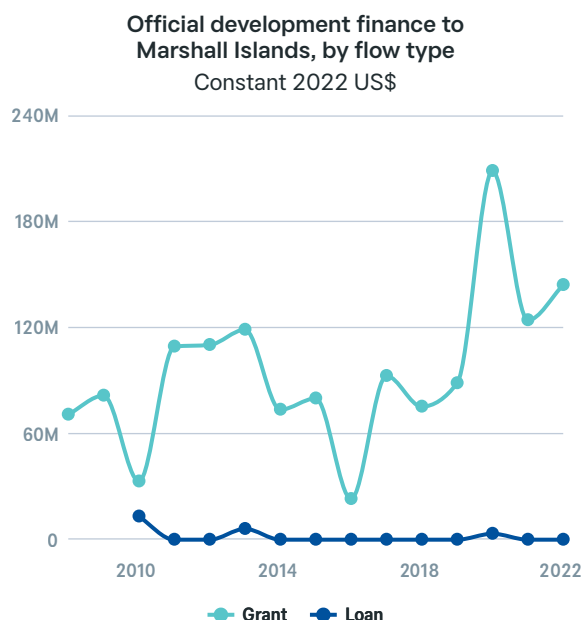
Between 2008 and 2022, Kiribati received \$77 million in development financing with a “principal” focus on gender equality, and \$267 million in development financing with a “significant” focus on gender equality. “Principal” gender equality financing constituted 6% of ODF received by the country, triple the regional average of 2%. Conversely, “significant” marked gender financing made up 22% of incoming ODF, slightly above the regional average. The largest project tagged as directly targeting gender equality in Kiribati was the multi-year \$16 million Kiribati Australia Nursing Initiative, funded by Australia.

MARSHALL ISLANDS

Key trends and development challenges

Marshall Islands is an atoll state located in the Pacific sub-region of Micronesia. With a GDP of \$280 million in 2022, Marshall Islands is one of the smaller economies in the Pacific, accounting for 0.7% of regional GDP. Marshall Islands has a population of 42,000 (2022), resulting in a GDP per capita of \$6,700, ranking fifth among Pacific Island states. While Marshall Islands is classified as a microstate, the country's Exclusive Economic Zone (EEZ) covers 1.99 million square kilometres, the 19th-largest globally, and is comparable in size to the EEZ of Portugal.

Marshall Islands has the third-highest Official Development Assistance (ODA) to Gross National Income (GNI) ratio in the Pacific Islands region, with aid accounting for 47% of national income. The country holds the same rank globally, placed third among 127 developing countries, for its ODA/GNI ratio. The Marshallese government's development agenda is focused on improvements to the country's human capital and infrastructure. At 0.731, Marshall Islands' Human Development Index score ranks 102nd out of 193 ranked countries.

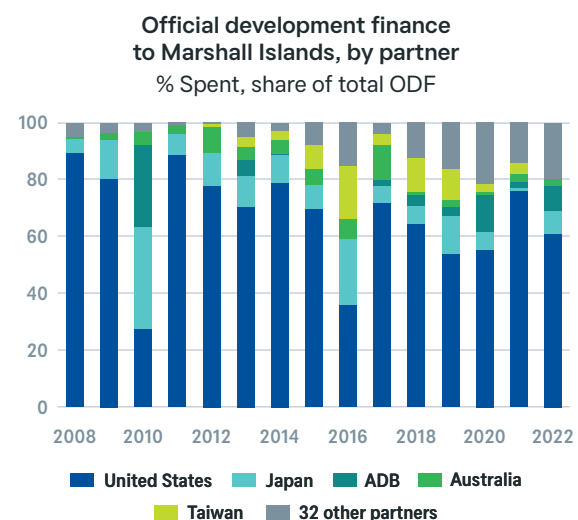


\$1.5B SPENT	\$2.1B COMMITTED	1,243 PROJECTS	68% STATUS
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Between 2008 and 2022, annual Official Development Finance (ODF) disbursements to Marshall Islands — including grants, loans, and other forms of assistance — averaged \$97 million. Less than 2% of the development finance received by Marshall Islands over the past 15 years came in the form of loans, among the lowest level in the Pacific.

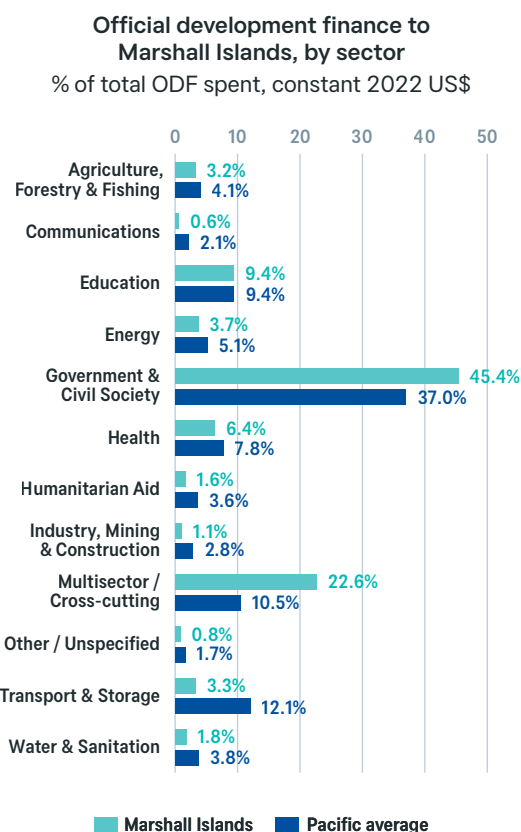
Development partners and sector trends

Marshall Islands has seen high variation in its annual ODF receipts since 2008. This volatility is largely a product of the lumpy disbursement of budget support packages from the United States, as part of the country's Compact of Free Association agreement. The vast majority (78%) of ODF support to the country comes from two development partners, the United States (68%) and Japan (9%). Marshall Islands sees one of the highest levels of donor concentration in the region.



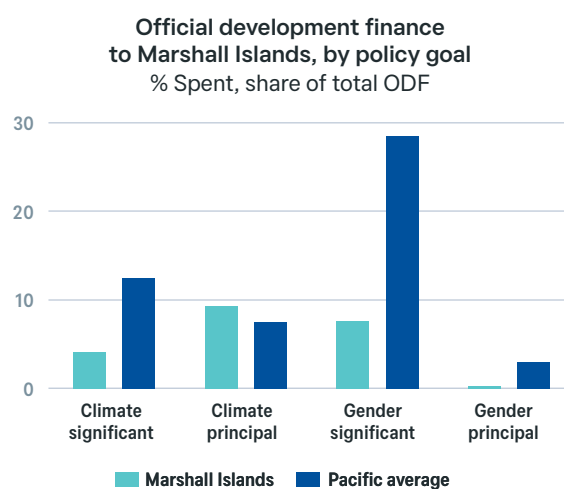
ODF disbursements to Marshall Islands are somewhat distinct from regional trends in terms of sector distribution. Projects focused on government and civil society make up 45% of incoming flows, which is higher

compared to the regional average of 37%. Conversely, spending on transport and health are both below the regional averages. Marshall Islands is an outlier in the Pacific in that human development spending over the 2008–22 period has consistently eclipsed spending on infrastructure.



Since 2008, Marshall Islands has received \$107 million in development financing with a “principal” focus on either climate adaptation or mitigation. Over this same period, the country has seen \$50 million in development financing with a “significant” focus on climate outcomes. Since 2018, Marshall Islands has seen substantial growth in climate-targeting projects. As a share of total ODF received by Marshall Islands, “principal” climate projects make up 9% of total spending, matching the regional average. Conversely, spending on “significant” climate projects in Marshall Islands makes up 4% of incoming funds, significantly below the regional average of 13%.

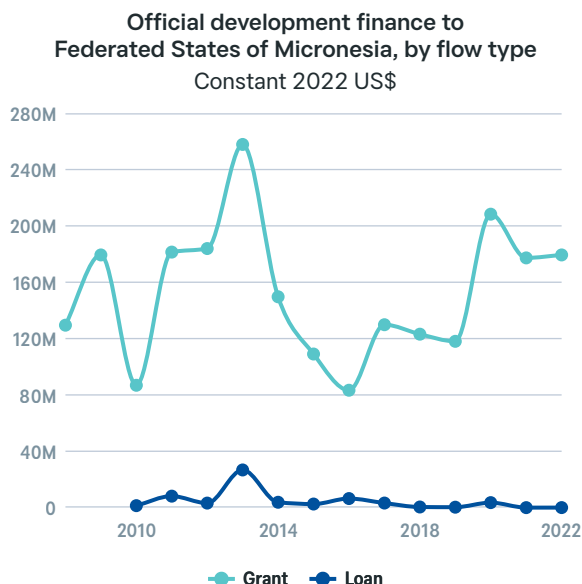
Between 2008 and 2022, Marshall Islands received \$5 million in development financing with a “principal” focus on gender equality, and \$102 million in development financing with a “significant” focus on gender equality. “Principal” gender equality financing constituted 0.3% of ODF received by the country, below the regional average of 2%. Similarly, “significant” marked gender financing made up 8% of incoming ODF, close to a third of the regional average of 21%. The largest project directly targeting gender equality in Marshall Islands was the multi-year Pacific Women Shaping Pacific Development program, funded by Australia.



FEDERATED STATES OF MICRONESIA

Key trends and development challenges

Federated States of Micronesia (FSM) is an atoll state located in the Pacific sub-region of Micronesia. With a GDP of \$427 million, FSM is the seventh-largest economy in the Pacific, accounting for 1.1% of regional GDP. FSM has a population of 114,000 (2022), resulting in a GDP per capita of \$3,700, ranking tenth in the Pacific. While FSM is categorised as a microstate, its Exclusive Economic Zone (EEZ) covers 2.99 million square kilometres, the 14th-largest globally, and is comparable in size to the EEZ of Mexico.



FSM has the fourth-highest Official Development Assistance (ODA) to Gross National Income (GNI) ratio in the Pacific Islands region, with aid accounting for 31% of national income. In a global context, FSM remains among the most aid-reliant countries in the world, ranking fourth among 127 developing countries for its ODA/GNI ratio. FSM's government development agenda is focused on improvements to the country's human capital and infrastructure. At 0.634, FSM's Human Development Index score ranks 135th out of 193 ranked countries.

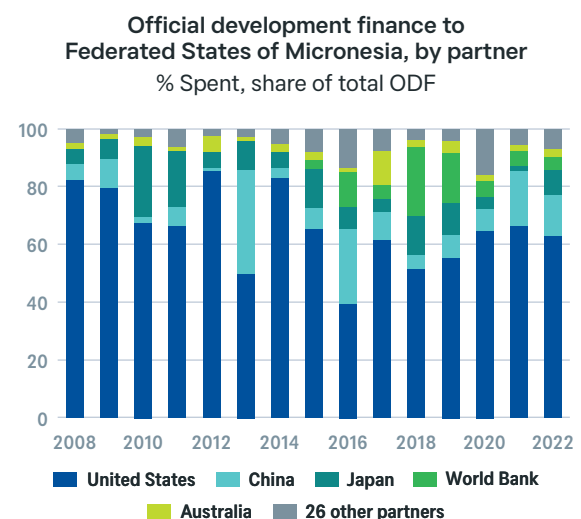
\$2.4B SPENT	\$3.4B COMMITTED	1,255 PROJECTS	69% STATUS
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Between 2008 and 2022, annual Official Development Finance (ODF) disbursements to FSM — including grants, loans, and other forms of assistance — averaged \$157 million. Less than 3% of the development finance received by FSM between 2008 and 2022 came in the form of loans.

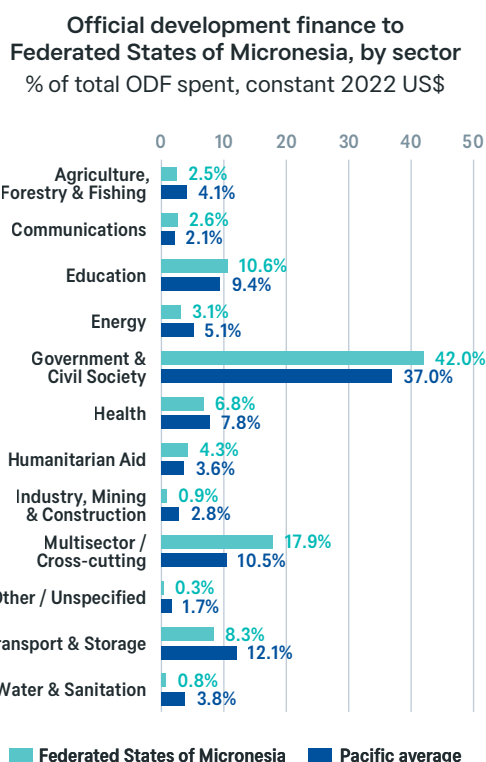
Development partners and sector trends

FSM has seen a great deal of variation in its annual ODF receipts over the past 15 years. ODF to the country peaked at \$285 million in 2013 and declined heavily afterwards. This trend is in part a product of the country's Compact of Free Association (COFA) agreement with the United States, which infrequently releases multi-year budget support packages in large lump transfers. Since 2020 and the onset of the pandemic, disbursements to FSM have risen again, to around \$190 million annually.

The vast majority (91%) of ODF support to FSM comes from four development partners, the United States (66%), China (12%), Japan (9%), and the World Bank (4%). The country sees one of the highest levels of donor concentration in the region, largely due to its COFA agreement.

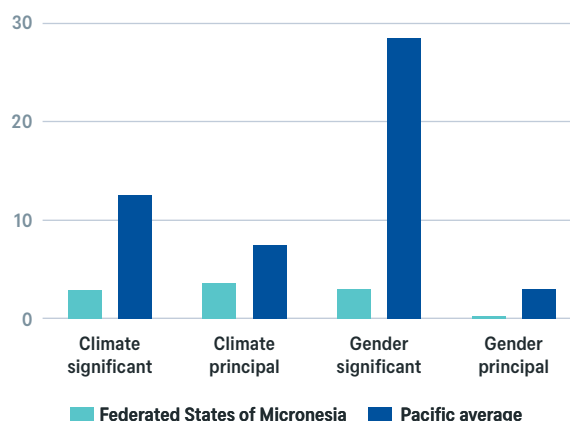


ODF disbursements to FSM are largely in line with regional trends in terms of sector distribution. Projects focused on government and civil society and education are moderately above regional averages. Conversely, spending on the transport and water sectors is below regional averages.



Since 2008, FSM has received \$52 million in development financing with a “principal” focus on either climate adaptation or mitigation. Over this same period, the country has seen \$57 million in development financing with a “significant” focus on climate outcomes. Like other countries in COFA arrangements with the United States, the country has seen a marked rise in spending on climate initiatives since 2020, albeit from a low base. As a share of total ODF received by FSM, “principal” climate projects make up 4% of total spending, significantly below the regional average of 9%. Similarly, spending on “significant” climate projects in FSM makes up 3% of incoming funds, markedly below the regional average of 13%.

Official development finance to Federated States of Micronesia, by policy goal
% Spent, share of total ODF



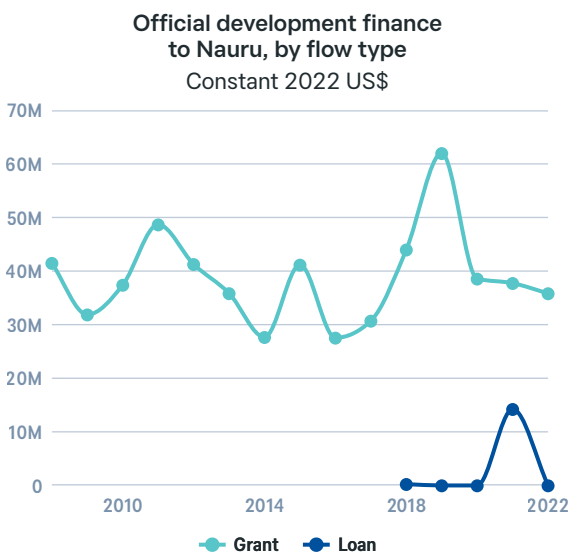
Between 2008 and 2022, FSM received \$7 million in development financing with a “principal” focus on gender equality, and \$69 million in development financing with a “significant” focus on gender equality. “Principal” gender equality financing constituted 0.3% of ODF received by the country, below the regional average of 2%. Notably, “significant” marked gender financing made up 3% of incoming ODF, markedly below the regional average of 21% and the lowest share of any Pacific country. The largest project directly targeting gender equality in FSM was the multi-year Pacific Women Shaping Pacific Development program, funded by Australia.

NAURU

Key trends and development challenges

Nauru is a small island developing state located in the Pacific sub-region of Micronesia. With a GDP of \$151 million, Nauru is the third-smallest economy in the Pacific, accounting for less than 0.3% of regional GDP. Nauru has a population of 13,000 (2022), resulting in a GDP per capita of \$11,900, ranking fourth in the Pacific.

Nauru has the ninth-highest Official Development Assistance (ODA) to Gross National Income (GNI) ratio in the Pacific Islands region, with aid accounting for 14% of national income. In a global context, Nauru is among the most aid-reliant countries in the world, ranking 16th among 127 developing countries for its ODA/GNI ratio. The Nauruan government’s development agenda is focused on debt reduction and supporting the transport sector. At 0.696, Nauru’s Human Development Index score ranks 122nd out of 193 ranked countries.



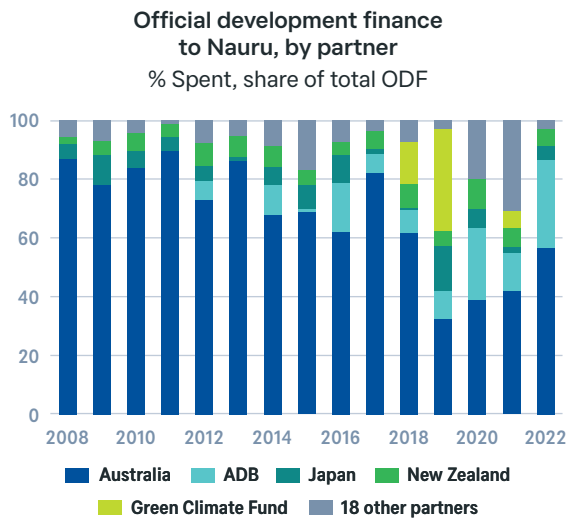
Between 2008 and 2022, annual Official Development Finance (ODF) disbursements to Nauru — including grants, loans, and other forms of assistance

\$596M SPENT	\$765M COMMITTED	884 PROJECTS	78% STATUS
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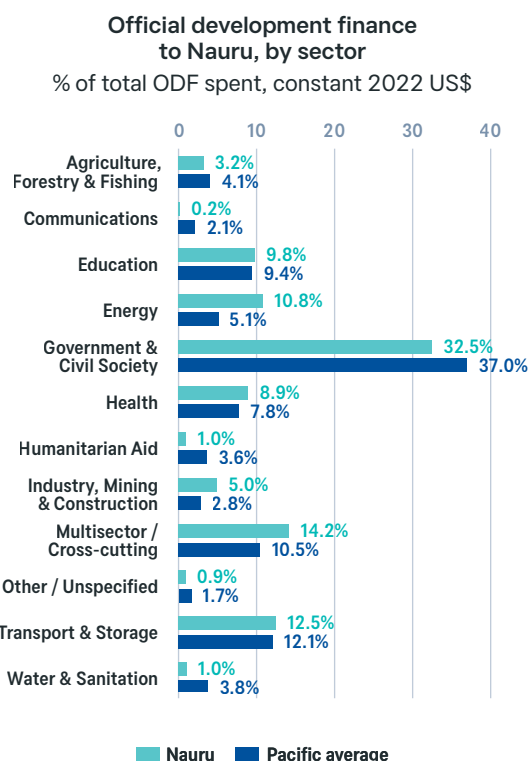
— averaged \$40 million. Less than 3% of the development finance received by Nauru between 2008 and 2022 came in the form of loans. Almost all loan financing received by Nauru came in 2020 in the form of a support loan from Taiwan for a new aircraft for the country’s national airline. Despite the addition of this debt, the International Monetary Fund continues to rank the country’s risk of debt distress as low.

Development partners and sector trends

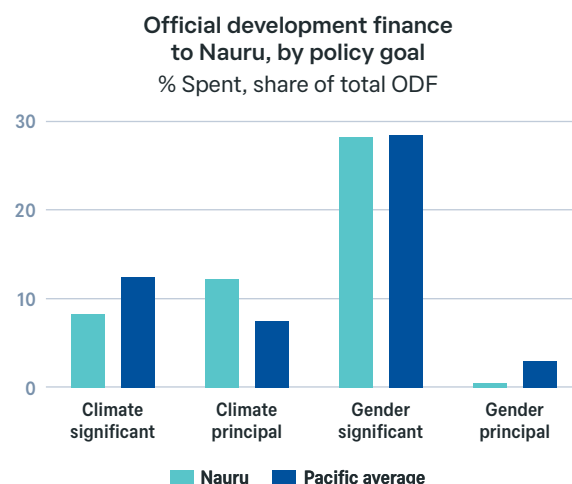
Close to nine-tenths of all ODF support to Nauru comes from five development partners, led by Australia (66%), the Asian Development Bank (7%), Japan (6%), New Zealand (6%), and the Green Climate Fund (5%).



ODF in Nauru was largely distinct from regional trends in terms of sector distribution. The country sees zero spending on the communications sector but a high allocation of financing towards energy projects, when compared with the rest of the region. With the exception of the transport sector loan provided by Taiwan, spending on human development has largely outpaced infrastructure spending.



targeting gender equality in Nauru was the multi-year Pacific Women Shaping Pacific Development program, funded by Australia.



Since 2008, Nauru has received \$64 million in development financing with a “principal” focus on either climate adaptation or mitigation. Over this same period, the country has seen \$36 million in development financing with a “significant” focus on climate outcomes. Since the mid-2010s, Nauru has seen a gradual rise in climate-targeting projects. As a share of total ODF received by Nauru, “principal” climate projects make up 12% of total spending, above the regional average of 9%. Conversely, spending on “significant” climate projects in Nauru makes up 8% of incoming funds, below the regional average of 13%.

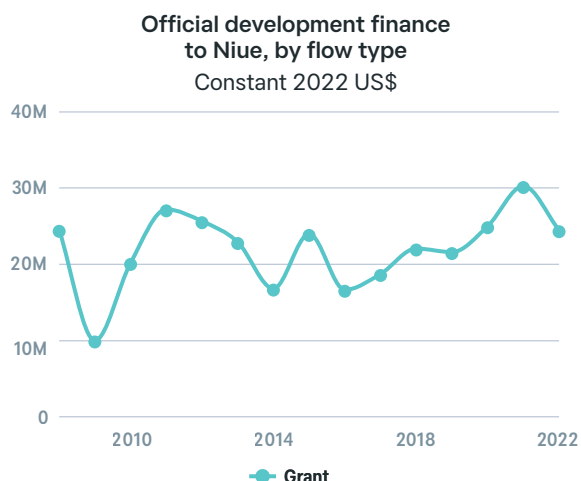
Between 2008 and 2022, Nauru received \$3 million in development financing with a “principal” focus on gender equality, and \$155 million in development financing with a “significant” focus on gender equality. “Principal” gender equality financing constituted 0.6% of ODF received by the country, below the regional average of 2%. Conversely, “significant” marked gender financing made up 28% of incoming ODF, above the regional average of 21%. The largest project directly

NIUE

Key trends and development challenges

Niue is a self-governing territory in “free association” with New Zealand, located in the Pacific sub-region of Polynesia. With a GDP of \$31 million, Niue is the smallest economy in the Pacific, accounting for less than 0.1% of regional GDP. Niue has a population of around 3,000 (2022), resulting in a GDP per capita of \$18,300 — the highest in the Pacific and just below the Organisation for Economic Co-operation and Development’s high-income classification.

While it is classified as a small island developing state, Niue has high levels of human development and zero poverty, which is internationally defined as earning less than \$2.15 per person per day. Niue’s national development plan is focused on improving governance and rehabilitating the country’s private sector.

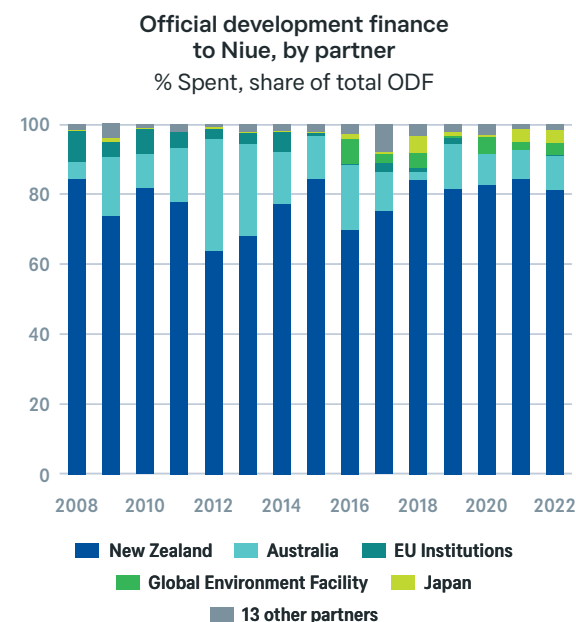


Between 2008 and 2022, annual Official Development Finance (ODF) disbursements to Niue — including grants and other forms of assistance — averaged \$22 million. Niue is the only Pacific Islands country to have received no loan financing over the past 15 years. The country is also the highest per capita aid recipient in the Pacific, in large part a product of its small population size.

\$330M SPENT	\$369M COMMITTED	653 PROJECTS	89% STATUS
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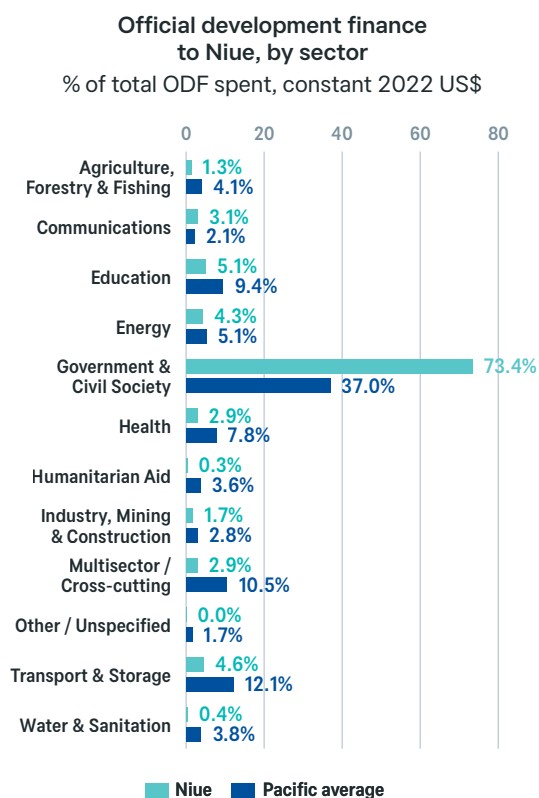
Development partners and sector trends

The vast majority (94%) of ODF support to Niue has come from just three development partners, led by New Zealand (78%), Australia (13%), and the European Union (3%). Donor concentration in Niue is the highest in the Pacific, with New Zealand’s level of support representing one of the highest donor-recipient concentrations in the region.



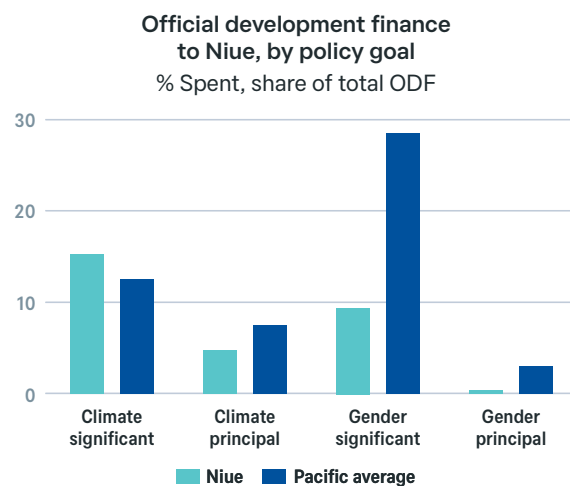
ODF in Niue is heavily weighted towards the government and civil society, with the sector accounting for 70% of incoming assistance. This also represents the highest sector concentration seen in any recipient in the region. Human development spending in Niue has always been relatively low, in part due to the country’s pre-existing, strong education and health services. Since 2016, the country has seen a growing emphasis on climate-resilient infrastructure.

Since 2008, Niue has received \$15 million in development financing with a “principal” focus on either climate adaptation or mitigation. Over this same period, the country has seen \$45 million in development financing with a “significant” focus on climate outcomes. Niue is distinct in the Pacific in that it has seen a decline in climate-targeting projects since the mid-2010s. However, this is likely a product of the size of the Niue economy and the impact of a handful of large projects distorting the trend. As a share of total ODF received by Niue, “principal” climate projects make up 5% of total spending, below the regional average of 9%. Conversely, spending on “significant” climate projects in Niue makes up 15% of incoming funds, above the regional average of 13%.



Between 2008 and 2022, Niue received \$1 million in development financing with a “principal” focus on gender equality, and \$28 million in development financing with a “significant” focus on gender equality. “Principal” gender equality financing constituted 0.4%

of ODF received by the country, below the regional average of 2%. Notably, “significant” marked gender financing made up 9% of incoming ODF, significantly below the regional average of 21%. The largest project directly targeting gender equality in Niue was the multi-year \$330,000 Gender Equality and Women’s Empowerment program, funded by Australia.

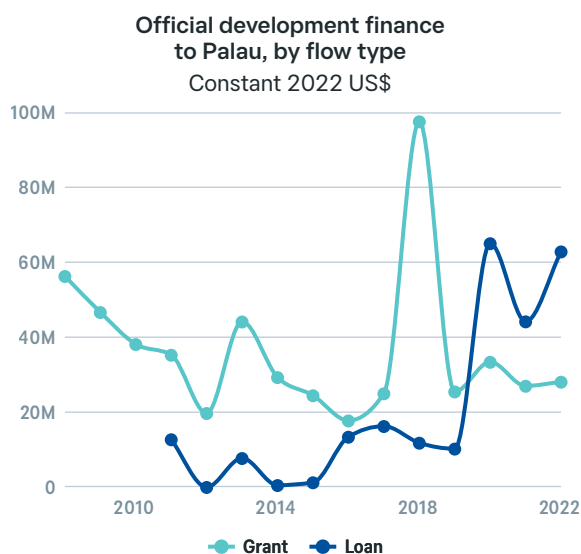


PALAU

Key trends and development challenges

The Republic of Palau is an independent Micronesian country comprised of 340 islands, eight of which are inhabited. With a GDP of \$218 million, it is the sixth-smallest economy in the Pacific, and accounts for 0.7% of regional GDP. Palau has a population of 18,000 (2022), resulting in a GDP per capita of \$12,000, ranking third in the Pacific.

Palau has the fifth-highest Official Development Assistance (ODA) to Gross National Income (GNI) ratio in the Pacific Islands region, with aid accounting for 23% of national income. In a global context, Palau remains among the most aid-reliant countries in the world, ranking seventh among 127 developing countries for its ODA/GNI ratio. The Palau government's development agenda highlights the importance of sustainable management of its marine resources. At 0.797, Palau's Human Development Index score ranks 71st out of 193 ranked countries.



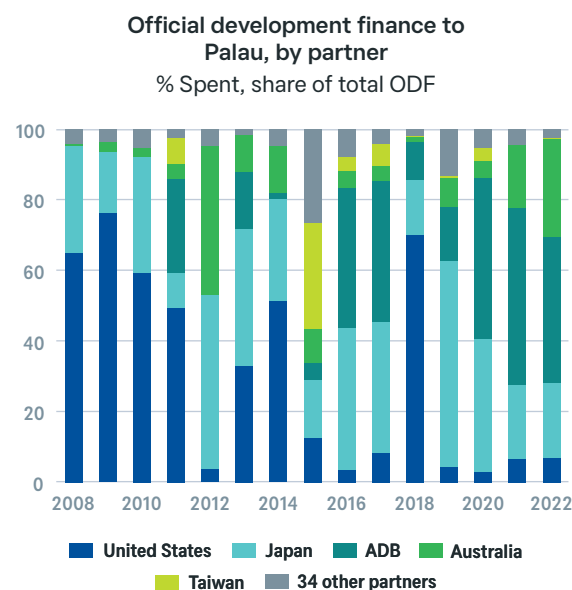
Between 2008 and 2022, annual Official Development Finance (ODF) disbursements to Palau — including grants, loans, and other forms of assistance

\$794M SPENT	\$995M COMMITTED	986 PROJECTS	80% STATUS
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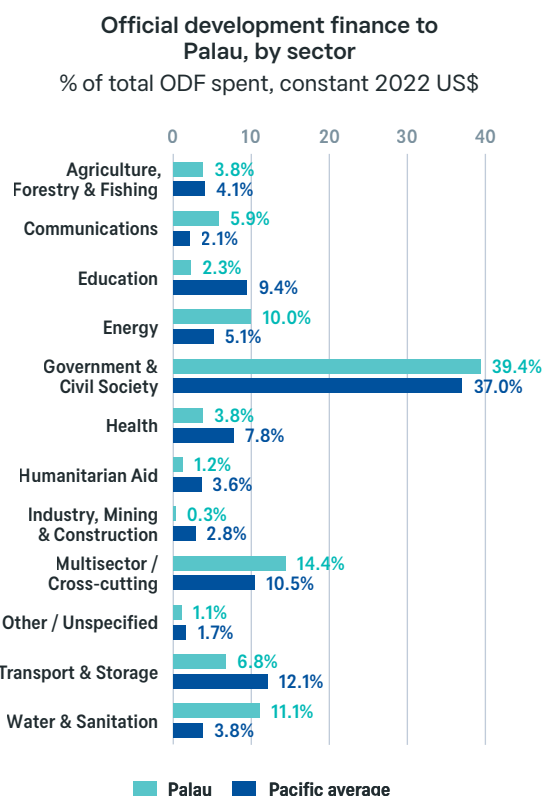
— averaged \$47 million. The share of loans in Palau's total incoming development assistance has increased dramatically over the past decade. Between 2008 and 2013, loans made up around 6% of incoming funds. From 2014 onwards, loans have accounted for around a third of Palau's total incoming development assistance. The International Monetary Fund ranks Palau's risk of debt distress as low.

Development partners and sector trends

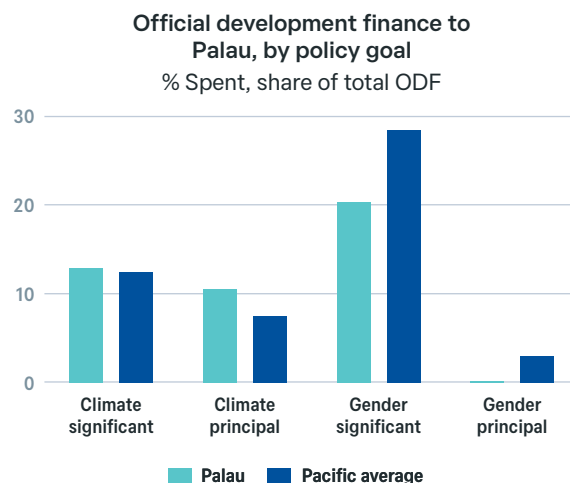
The vast majority (95%) of ODF support to Palau has come from five development partners, led by the United States (32%), Japan (28%), the Asian Development Bank (24%), Australia (9%), and Taiwan (2%).



ODF disbursements in Palau were largely consistent with regional trends in terms of sector distribution. The government and civil society sector featured prominently, accounting for 39% of incoming financing. Palau also sees higher than average spending in the water and sanitation and energy sectors.



ODF, slightly under the regional average of 21%. The largest project directly targeting gender equality in Palau was the multi-year Pacific Women Shaping Pacific Development program, funded by Australia.



Since 2008, Palau has received \$58 million in development financing with a “principal” focus on either climate adaptation or mitigation. Over this same period, the country has seen \$71 million in development financing with a “significant” focus on climate outcomes. Over the past half-decade, Palau has seen a gradual rise in climate-targeting projects. As a share of total ODF received by Palau, “principal” climate projects make up 11% of total spending, above the regional average of 9%. Similarly, spending on “significant” climate projects in Palau makes up 13% of incoming funds, in line with the regional average.

Between 2008 and 2022, Palau received \$1 million in development financing with a “principal” focus on gender equality, and \$150 million in development financing with a “significant” focus on gender equality. “Principal” gender equality financing constituted 0.2% of ODF received by the country, well below the regional average of 2%. Conversely, “significant” marked gender financing made up 19% of incoming

PAPUA NEW GUINEA

Key trends and development challenges

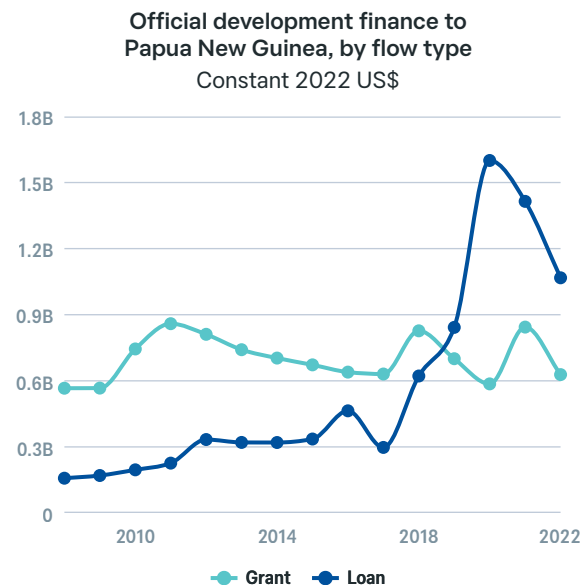
Papua New Guinea (PNG) is a developing state located in the Pacific sub-region of Melanesia. With a GDP of \$31 billion, PNG is the largest economy in the Pacific, and accounts for 75% of regional GDP. Papua New Guinea has a population of 10.1 million (2022), resulting in a GDP per capita of \$3,000, ranking 11th in the Pacific. Its Exclusive Economic Zone (EEZ) covers more than 2.4 million square kilometres, the 16th-largest globally, and is comparable in size to the EEZ of Norway.

PNG has the lowest Official Development Assistance (ODA) to Gross National Income (GNI) ratio in the Pacific Islands region, with aid accounting for only 2% of national income in 2022. In a global context, PNG has low levels of ODA reliance, ranked 53rd among 127 developing countries for its ODA/GNI ratio. The PNG government's development agenda highlights agricultural reform, expansion of road networks, and improvements to the healthcare sector. At 0.568, PNG's Human Development Index score is the lowest in the region, ranked 154th out of 193 ranked countries.

Between 2008 and 2022, annual Official Development Finance (ODF) disbursements to PNG — including grants, loans, and other forms of assistance — averaged \$1.2 billion. PNG has seen a dramatic increase in total ODF received since 2019, with total funds received more than doubling since 2017. This uptick in ODF was driven in large part by annual budget support loans from the Australian government.

Almost half (43%) of the development finance received by PNG between 2008 and 2022 came in the form of loans. As a share of total received development support, loan-financed projects have increased significantly. Between 2008 and 2015, loans accounted for around a third of total ODF. Since 2016, this has increased to more than half. Only Fiji sees loans make up a larger portion of incoming aid.

\$18.9B SPENT	\$28B COMMITTED	5,270 PROJECTS	67% STATUS
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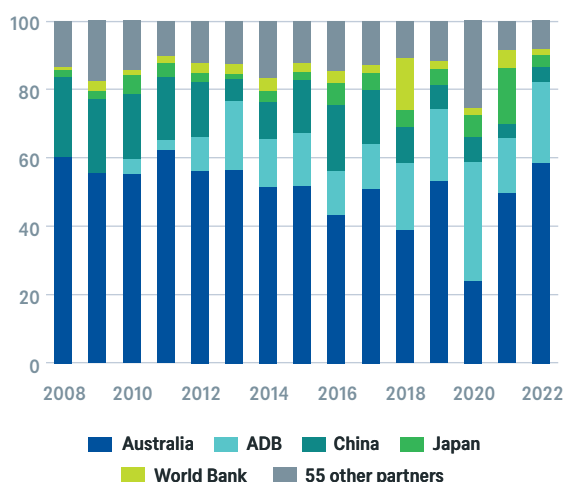


Development partners and sector trends

Three-quarters of the ODF support to PNG has come from its three largest development partners, led by Australia (48%), the Asian Development Bank (17%), and China (12%). Australia's largest ODF disbursements to PNG have all been budget support measures. The portion of PNG's total ODF provided by multi-lateral agencies changed dramatically in the wake of the pandemic. Prior to 2020, multilaterals made up a quarter of support received by the country. From 2020 onwards, the share jumped to 44%, with the uptick driven largely by increased support from the Asian Development Bank during the pandemic.

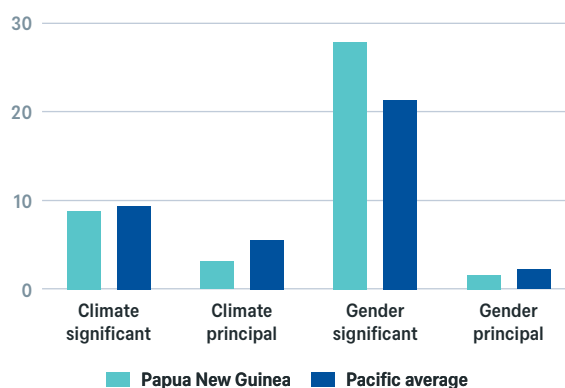
ODF in PNG was largely consistent with regional trends in terms of sector distribution. PNG's only major outliers are in the health and mining sectors. Spending on projects focused on infrastructure overtook human development in 2013, a trend maintained through to 2022.

Official development finance to Papua New Guinea, by partner
% Spent, share of total ODF

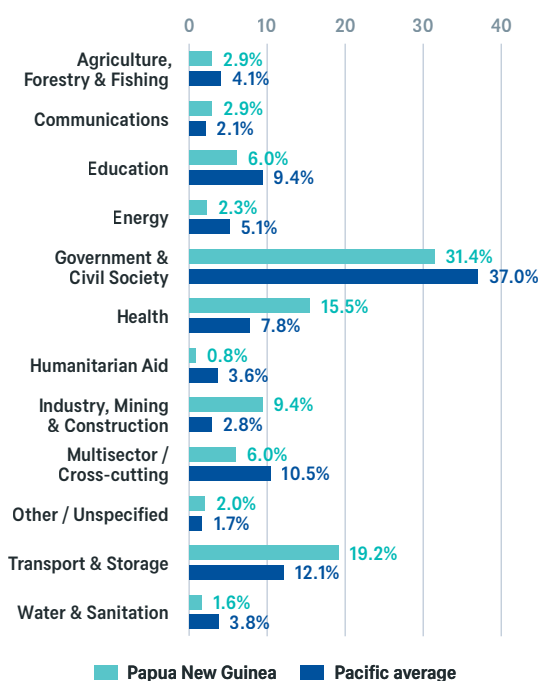


Since 2008, PNG has received \$360 million in development financing with a “principal” focus on either climate adaptation or mitigation. Over this same period, the country has seen \$1.6 billion in development financing with a “significant” focus on climate outcomes. Over the past decade, PNG has seen a substantial rise in spending on climate-targeting projects. As a share of total ODF received by PNG, “principal” climate projects make up just 4% of total spending, well below the regional average of 9%. Conversely, spending on “significant” climate projects in PNG makes up 12% of incoming funds, only slightly below the regional average of 13%.

Official development finance to Papua New Guinea, by policy goal
% Spent, share of total ODF



Official development finance to Papua New Guinea, by sector
% of total ODF spent, constant 2022 US\$



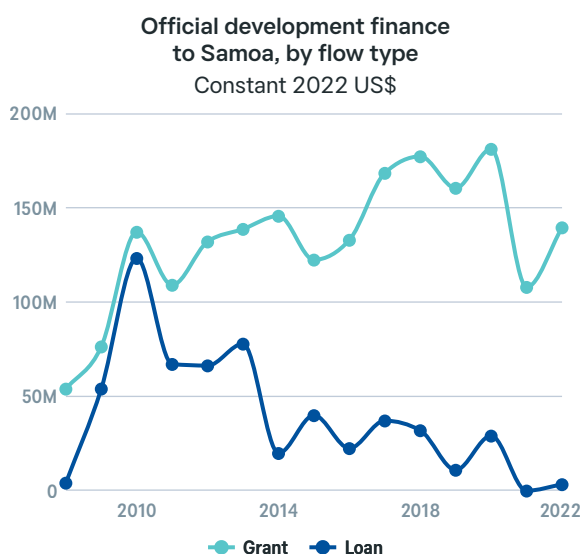
Between 2008 and 2022, PNG received \$434 million in development financing with a “principal” focus on gender equality, and \$6.8 billion in development financing with a “significant” focus on gender equality. “Principal” gender equality financing constituted 2% of ODF received by the country, matching the regional average of 2%. Conversely, “significant” marked gender financing made up 37% of incoming ODF, well above the regional average of 21%. The largest project directly targeting gender equality in PNG was the multi-year \$42 million Gender Equality and Gender-Based Violence initiative, funded by Australia.

SAMOA

Key trends and development challenges

Samoa is a small island developing state located in the Pacific sub-region of Polynesia. With a GDP of \$792 million, Samoa ranks as the fifth-largest economy in the Pacific, accounting for 2% of regional GDP. Samoa has a population of 222,000 (2022), resulting in a GDP per capita of \$3,700, ranking ninth in the Pacific.

Samoa has the eighth-highest Official Development Assistance (ODA) to Gross National Income (GNI) ratio in the Pacific Islands region, with aid accounting for 16% of national income. In a global context, Samoa remains among the most aid-reliant countries in the world, ranking 13th among 127 developing countries for its ODA/GNI ratio. The Samoan government's development agenda highlights the need for capacity building, economic diversification, and investment in climate-resilient infrastructure. At 0.702, Samoa's Human Development Index score ranks 116th out of 193 ranked countries.



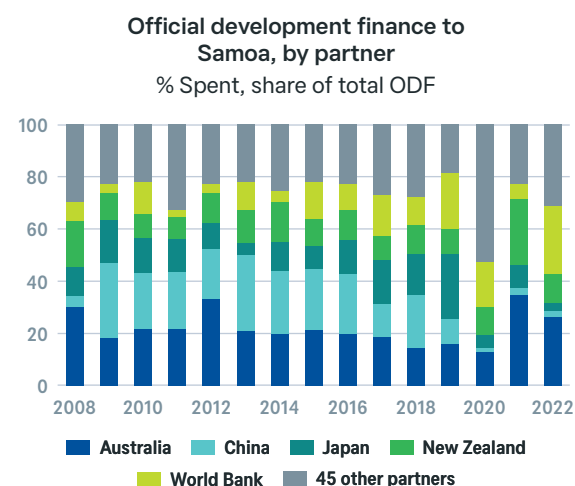
Between 2008 and 2022, annual Official Development Finance (ODF) disbursements to Samoa — including grants, loans, and other forms of assistance — averaged \$172 million. One-quarter of the development finance received by Samoa since 2008 has come in the

\$2.6B SPENT	\$2.7B COMMITTED	2,403 PROJECTS	96% STATUS
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form of loans. As a share of Samoa's total received development support, loans have declined significantly over the past decade. In 2010, loans made up 47% of total financing to the country. Since 2020, this share has declined to 8%. The International Monetary Fund ranks Samoa's risk of debt distress as high.

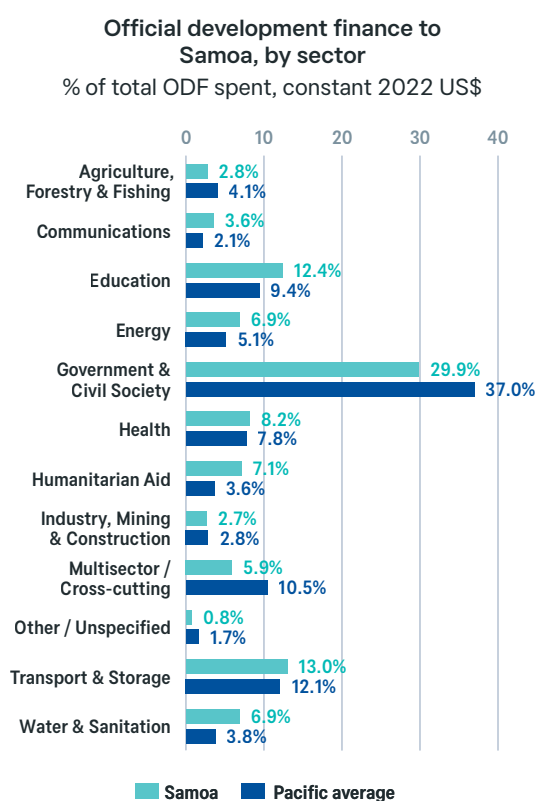
Development partners and sector trends

The vast majority (83%) of ODF support to Samoa has come from five development partners, led by Australia (21%), China (17%), Japan (12%), New Zealand (12%), the World Bank (11%), and the Asian Development Bank (10%).



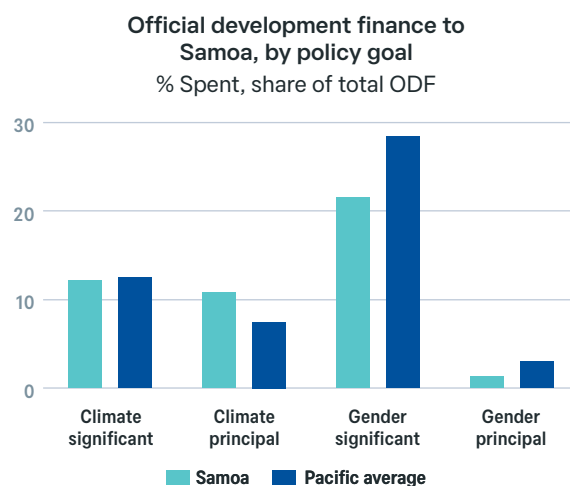
ODF in Samoa was largely consistent with regional trends in terms of sector distribution. Disbursements in Samoa in the education, water and sanitation, and humanitarian aid sectors were notably higher than the regional average. The governance sector also features prominently, making up close to a third of incoming ODF, but remains below the regional average of 37%. From 2014, Samoa has seen a greater emphasis on infrastructure spending. However, the pandemic shifted priorities back towards human development, particularly within the healthcare sector.

Since 2008, Samoa has received \$227 million in development financing with a “principal” focus on either climate adaptation or mitigation. Over this same period, the country has seen \$225 million in development financing with a “significant” focus on climate outcomes. In contrast to other Pacific countries, Samoa has seen minimal changes in spending on climate-targeting projects. As a share of total ODF received by Samoa, “principal” climate projects make up 11% of total spending, slightly above the regional average of 9%. Conversely, spending on “significant” climate projects in Samoa makes up 12% of incoming funds, slightly below the regional average of 13%.



Between 2008 and 2022, Samoa received \$33 million in development financing with a “principal” focus on gender equality, and \$564 million in development financing with a “significant” focus on gender equality. “Principal” gender equality financing constituted 1% of ODF received by the country, around half the regional average of 2%. Conversely, “significant” marked

gender financing made up 21% of incoming ODF, in line with the regional average. The largest project directly targeting gender equality in Samoa was the multi-year \$2 million Women in Leadership program, funded by Australia and the United Nations Development Programme.

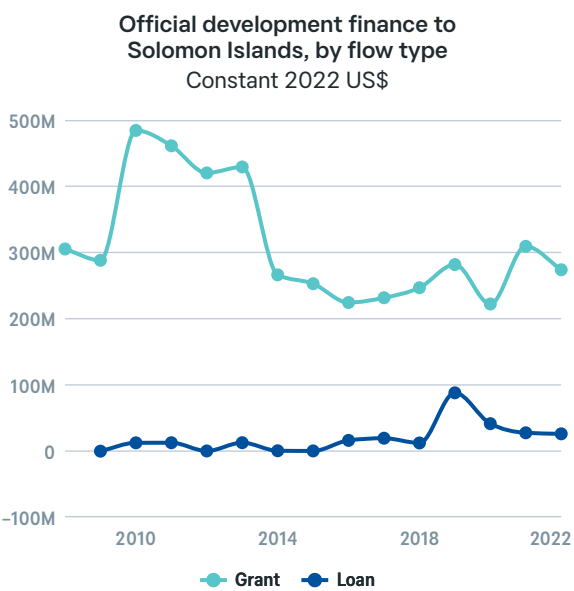


SOLOMON ISLANDS

Key trends and development challenges

Solomon Islands is an archipelagic state situated in the Pacific sub-region of Melanesia. With a GDP of \$1.6 billion, Solomon Islands is the third-largest economy in the Pacific, and accounts for 4% of regional GDP. The country has a population of 724,000 (2022), resulting in a GDP per capita of \$2,200, ranking 13th in the Pacific. Its Exclusive Economic Zone (EEZ) covers more than 1.58 million square kilometres, the 22nd-largest globally, and is comparable in size to the EEZ of the Philippines.

Solomon Islands has the seventh-highest Official Development Assistance (ODA) to Gross National Income (GNI) ratio in the Pacific Islands region, with aid accounting for 16% of national income. In a global context, Solomon Islands remains among the most aid-reliant countries in the world, ranking 12th among 127 developing countries for its ODA/GNI ratio. The Solomon Islands government’s development agenda focuses on infrastructure investment and economic diversification. At 0.562, Solomon Islands’ Human Development Index score ranks 156th out of 193 ranked countries.



\$5B SPENT	\$5.8B COMMITTED	3,492 PROJECTS	85% STATUS
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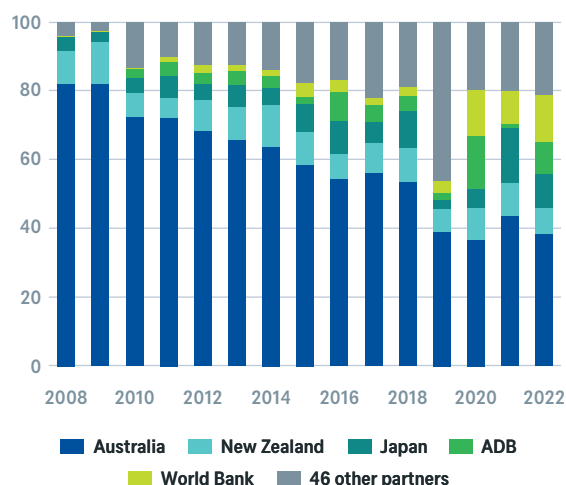
Between 2008 and 2022, annual Official Development Finance (ODF) disbursements to Solomon Islands — including grants, loans, and other forms of assistance — averaged \$331 million. Around 5% of the development finance received by Solomon Islands between 2008 and 2022 came in the form of loans. The share of loans in Solomon Islands’ total incoming development assistance has increased slightly over the past half-decade. Loan assistance peaked at 22% of total ODF in 2019, but declined in successive years to less than 10% in 2021. However, in 2022 the Solomons’ government signed a \$66 million loan with China to build 161 mobile communication towers. The International Monetary Fund ranks Solomon Islands’ risk of debt distress as moderate.

Development partners and sector trends

The vast majority (84%) of ODF support to Solomon Islands has come from five development partners, led by Australia (61%), New Zealand (9%), Japan (7%), the Asian Development Bank (4%), and EU Institutions (4%). Since switching recognition from Taiwan to China in 2019, Chinese financing has played a growing role in the ODF mix of Solomon Islands. By 2021, China had become the country’s second-largest aid partner, financing a number of projects, from building stadiums for the 2023 Pacific Games in Honiara, to upgrading university facilities and policing support.

ODF disbursements in Solomon Islands were largely consistent with regional trends in terms of sector distribution. The government and civil society sector featured prominently, accounting for close to half (47%) of incoming financing. Human development spending has remained higher than infrastructure spending in Solomon Islands since 2008, with the exception of a spike in 2019 as a result of spending on the Tina River Hydropower Development Project. Solomon Islands was one of a small number of Pacific states that did not see a significant spike in human development spending during the pandemic.

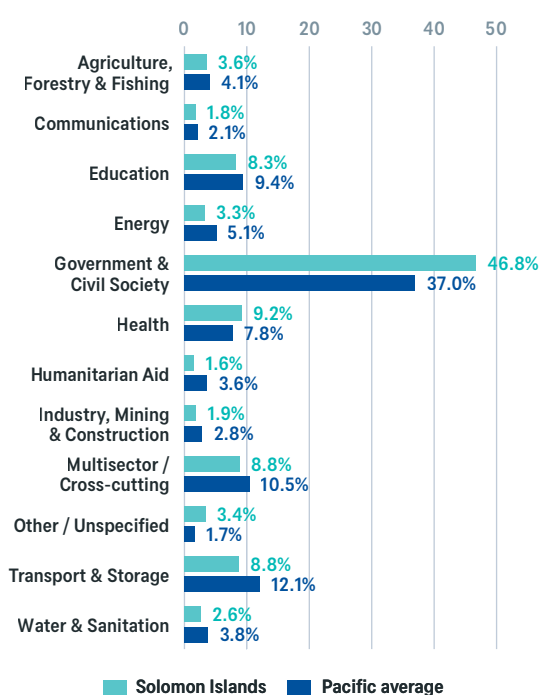
Official development finance to Solomon Islands, by partner
% Spent, share of total ODF



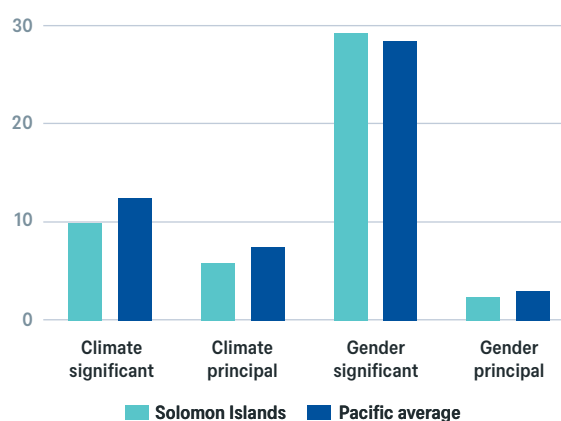
Since 2008, Solomon Islands has received \$220 million in development financing with a “principal” focus on either climate adaptation or mitigation. Over this same period, the country has seen \$433 million in development financing with a “significant” focus on climate outcomes. Since 2015, Solomon Islands has seen a substantial rise in spending on climate-targeting projects. As a share of total ODF received by Solomon Islands, “principal” climate projects make up just 6% of total spending, below the regional average of 9%. Spending on “significant” climate projects in Solomon Islands makes up 10% of incoming funds, also below the regional average of 13%.

Between 2008 and 2022, Solomon Islands received \$120 million in development financing with a “principal” focus on gender equality, and \$1.5 billion in development financing with a “significant” focus on gender equality. “Principal” gender equality financing constituted 2% of ODF received by the country, in line with the regional average. Conversely, “significant” marked gender financing made up 29% of incoming ODF, well above the regional average of 21%. The largest project directly targeting gender equality in the country was the multi-year \$23 million Addressing Gender Equality project, funded by Australia and the United Nations Development Programme.

Official development finance to Solomon Islands, by sector
% of total ODF spent, constant 2022 US\$



Official development finance to Solomon Islands, by policy goal
% Spent, share of total ODF



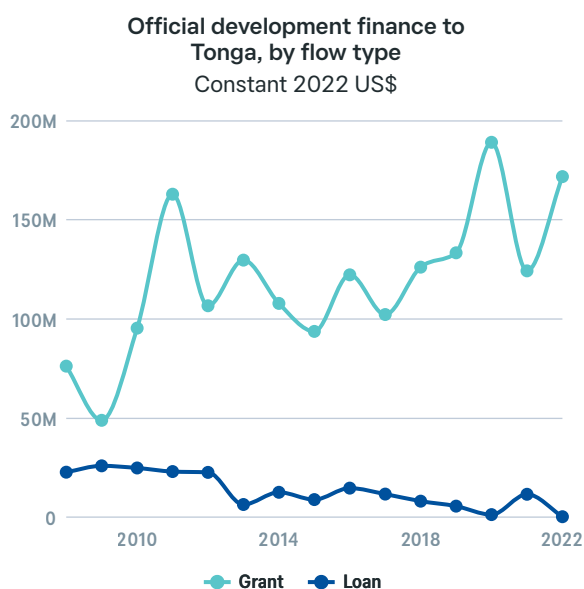
TONGA

Key trends and development challenges

Tonga is a small island developing state located in the Pacific sub-region of Polynesia. With a GDP of \$492 million, Tonga is the sixth-largest economy in the Pacific, and accounts for 1.4% of regional GDP. Tonga has a population of 106,000 (2022), resulting in a GDP per capita of \$4,400, ranking eighth in the Pacific.

Tonga has the second-highest Official Development Assistance (ODA) to Gross National Income (GNI) ratio in the Pacific Islands region, with aid accounting for 55% of national income. In a global context, Tonga remains among the most aid-reliant countries in the world, ranking second among 127 developing countries for its ODA/GNI ratio.

The Tongan government's development agenda is focused on the continued recovery from the Covid-19 pandemic and the Hunga Tonga–Hunga Ha'apai volcanic eruption and tsunami event. Health sector reform and disaster resilience are also key priorities. At 0.739, Tonga's Human Development Index score ranks 98th out of 193 ranked countries.



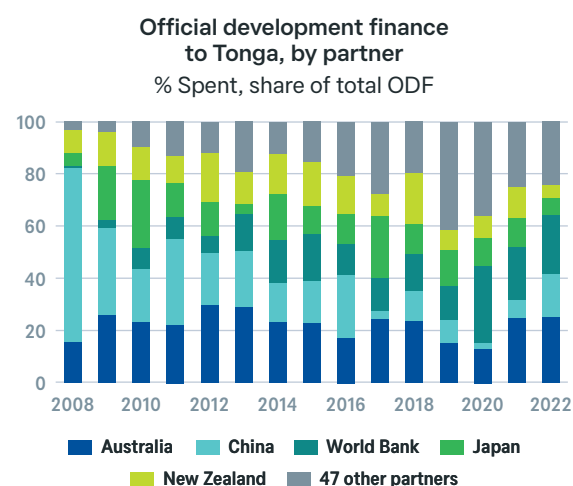
\$2B SPENT	\$2.2B COMMITTED	2,236 PROJECTS	89% STATUS
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Between 2008 and 2022, annual Official Development Finance (ODF) disbursements to Tonga — including grants, loans, and other forms of assistance — averaged \$125 million. As a share of Tonga's total received development support, loans have declined significantly over the past decade. Between 2008 and 2011, loans made up 23% of total financing to the country. Between 2019 and 2021, the loan share dropped to just 4%. The bulk of this lending came from China to fund a rebuild of the Nuku'alofa business district and a national roads project. The International Monetary Fund ranks Tonga's risk of debt distress as high, in large part a product of the repayment deadline on Chinese loans.

Development partners and sector trends

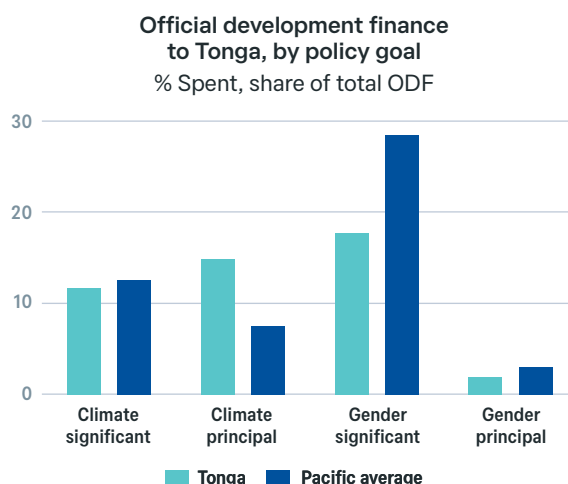
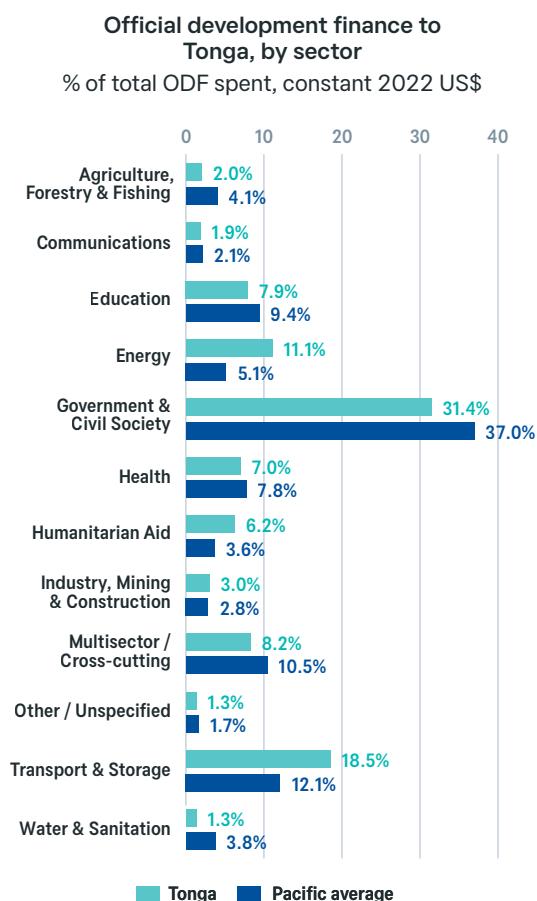
Close to nine-tenths of ODF support to Tonga comes from six development partners, led by Australia (22%), China (19%), the World Bank (14%), Japan (13%), New Zealand (12%), and the Asian Development Bank (9%).

ODF in Tonga was largely consistent with regional trends in terms of sector distribution. The country sees moderately high levels of spending on transport and energy, and a smaller focus on health. Distinct



from regional trends, infrastructure has remained a dominant focus of incoming ODF disbursements in Tonga over the past decade.

Since 2008, Tonga has received \$191 million in development financing with a “principal” focus on either climate adaptation or mitigation. Over this same period, the country has seen \$200 million in development financing with a “significant” focus on climate outcomes. Since 2018, Tonga has seen a substantial rise in spending on climate-targeting projects. As a share of total ODF received by Tonga, “principal” climate projects make up 15% of total spending, well above the regional average of 9%. Conversely, spending on “significant” climate projects in Tonga makes up 12% of incoming funds, slightly below the regional average of 13%.



Between 2008 and 2022, Tonga received \$38 million in development financing with a “principal” focus on gender equality, and \$324 million in development financing with a “significant” focus on gender equality. “Principal” gender equality financing constituted 2% of ODF received by the country, in line with the regional average. Conversely, “significant” marked gender financing made up 18% of incoming ODF, below the regional average of 21%. The largest project directly targeting gender equality in Tonga was the \$7 million Pacific Women Shaping Pacific Development program, funded by Australia.

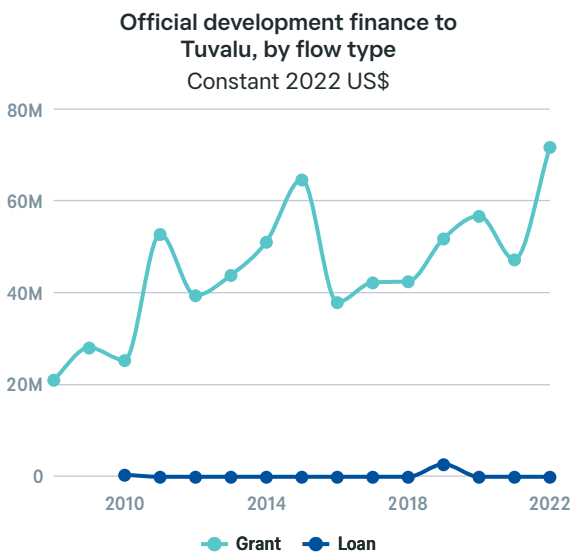
TUVALU

Key trends and development challenges

Tuvalu is one of the world’s smallest independent nations, comprising nine low-lying coral atolls. With a GDP of \$60 million, Tuvalu is the second-smallest economy in the Pacific, and accounts for 0.1% of regional GDP. Tuvalu has a population of 11,000 (2022), resulting in a GDP per capita of \$5,300, ranking sixth in the Pacific. Despite its small size, Tuvalu’s Exclusive Economic Zone (EEZ) covers almost 750,000 square kilometres, the 38th-largest globally, and is comparable in size to the EEZ of China.

Tuvalu has the highest Official Development Assistance (ODA) to Gross National Income (GNI) ratio in the Pacific Islands region, with aid accounting for 80% of national income. In a global context, Tuvalu is the most aid-reliant country in the world, ranking first among 127 developing countries for its ODA/GNI ratio.

The Tuvalu government’s development agenda highlights five strategic areas: sustainable development, economic development, social development and inclusion, islands and culture, and infrastructure development. At 0.653, Tuvalu’s Human Development Index score ranks 132nd out of 193 ranked countries.

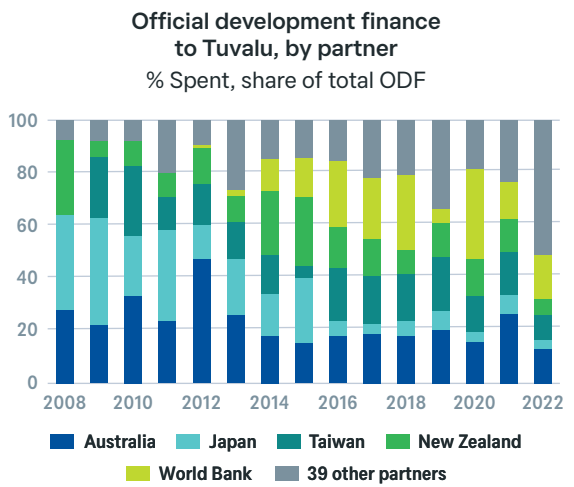


\$679M SPENT	\$910M COMMITTED	1,209 PROJECTS	75% STATUS
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Development partners and sector trends

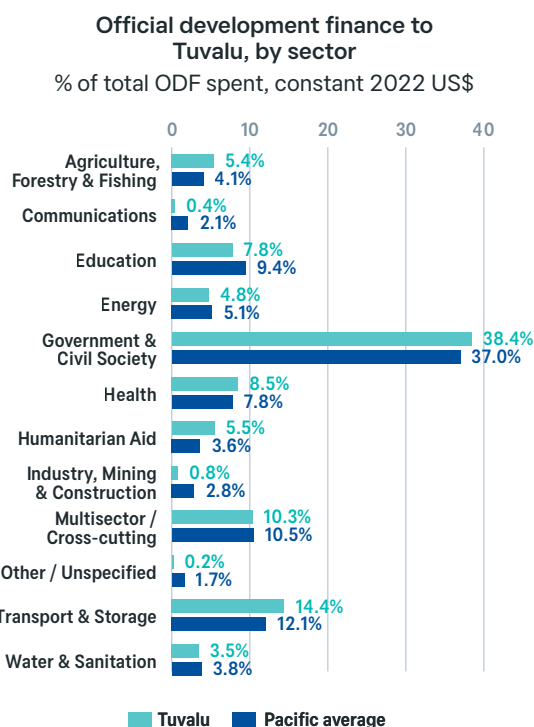
Between 2008 and 2022, annual Official Development Finance (ODF) disbursements to Tuvalu — including grants, loans, and other forms of assistance — averaged \$44 million. Since 2011, Tuvalu has seen exclusively grant-based development financing. Tuvalu is the second-highest per capita aid recipient in the Pacific, in large part a product of its small population size. The International Monetary Fund ranks Tuvalu’s risk of debt distress as high.

The vast majority (85%) of ODF support to Tuvalu has come from six development partners, led by Australia (22%), Japan (15%), New Zealand (14%), the World Bank (14%), Taiwan (12%), and the Asian Development Bank (8%).

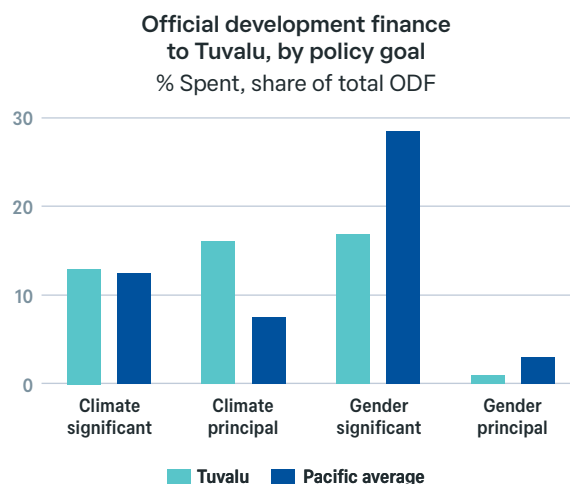


ODF disbursements in Tuvalu were largely consistent with regional trends in terms of sector distribution. The government and civil society sector featured prominently, accounting for more than 40% of incoming financing. Tuvalu also sees slightly higher than average spending in transportation, energy, and humanitarian

aid. From 2014 onwards, Tuvalu has seen a greater emphasis on infrastructure spending. Tuvalu was one of the small number of Pacific states that did not see a significant spike in human development spending during the pandemic.



financing with a “significant” focus on gender equality. “Principal” gender equality financing constituted 1% of ODF received by the country, around half the regional average of 2%. Conversely, “significant” marked gender financing made up 17% of incoming ODF, only slightly under the regional average of 21%. The largest project directly targeting gender equality in Tuvalu was the \$1 million Pacific Women Shaping Pacific Development program, funded by Australia.



Since 2008, Tuvalu has received \$92 million in development financing with a “principal” focus on either climate adaptation or mitigation. Over this same period, the country has seen \$72 million in development financing with a “significant” focus on climate outcomes. From 2018, Tuvalu has seen a substantial rise in spending on climate-targeting projects. As a share of total ODF received by Tuvalu, “principal” climate projects make up 16% of total spending, well above the regional average of 9%. Spending on “significant” climate projects in Tuvalu makes up 13% of incoming funds, matching the regional average.

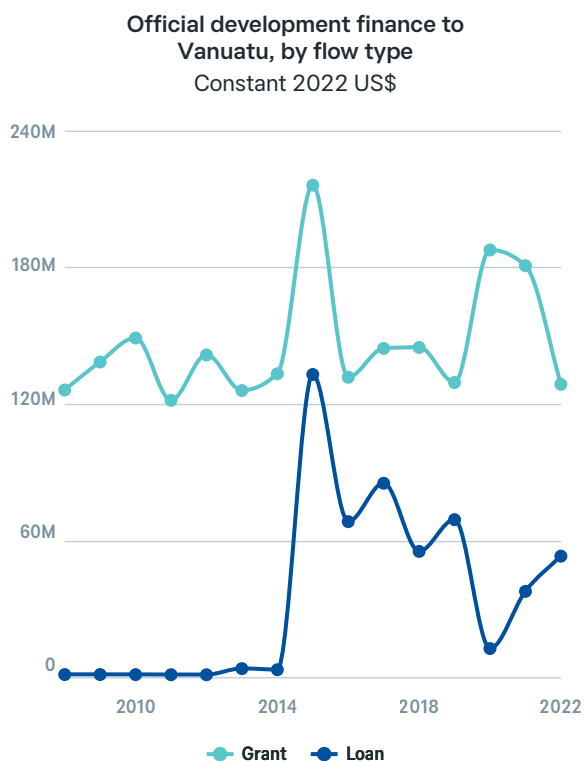
Between 2008 and 2022, Tuvalu received \$6 million in development financing with a “principal” focus on gender equality, and \$115 million in development

VANUATU

Key trends and development challenges

Vanuatu is an independent republic located in the Pacific sub-region of Melanesia. With a GDP of \$984 million, Vanuatu is the fourth-largest economy in the Pacific, and accounts for 2.4% of regional GDP. Vanuatu has a population of 326,000 (2022), resulting in a GDP per capita of \$3,000, ranking 12th in the Pacific. Its Exclusive Economic Zone (EEZ) covers more than 663,000 square kilometres, the 39th-largest globally, and is comparable in size to the EEZ of China.

Vanuatu has the tenth-highest Official Development Assistance (ODA) to Gross National Income (GNI) ratio in the Pacific Islands region, with aid accounting for 11% of national income. In a global context, Vanuatu remains among the most aid-reliant countries in the world, ranking 21st among 127 developing countries for its ODA/GNI ratio.



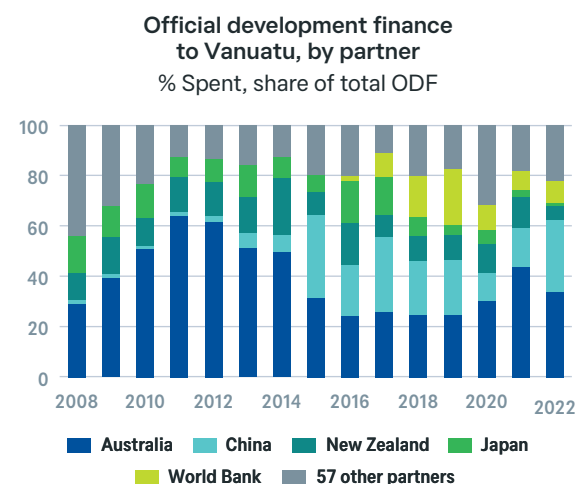
\$2.7B SPENT	\$3.2B COMMITTED	2,086 PROJECTS	85% STATUS
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The Vanuatu government's development agenda highlights the need for a balance between the social, environmental, and economic pillars of sustainable development. At 0.614, Vanuatu's Human Development Index score ranks 140th out of 193 ranked countries.

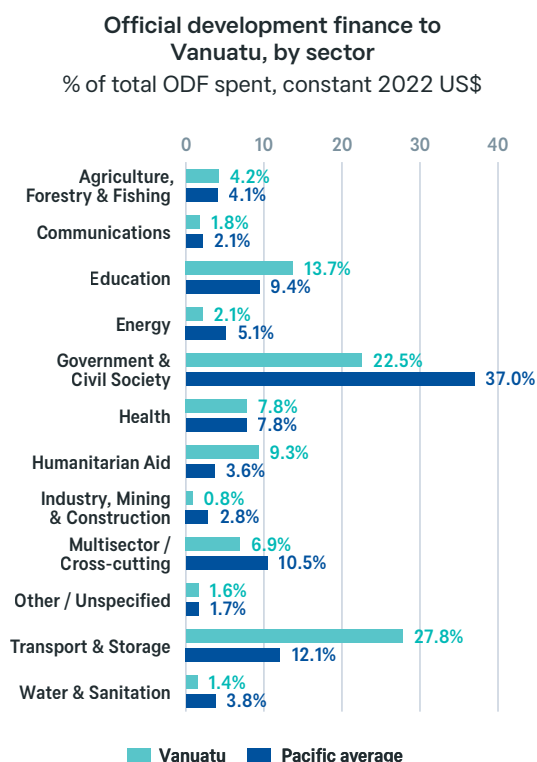
Between 2008 and 2022, annual Official Development Finance (ODF) disbursements to Vanuatu — including grants, loans, and other forms of assistance — averaged \$183 million. Almost a quarter (19%) of the development finance received by Vanuatu between 2008 and 2022 came in the form of loans, predominantly provided by China for roads projects. Principal among these has been the multi-stage Tanna and Malekula Road rehabilitation program, which has seen total debt-financed spending of more than \$155 million.

Development partners and sector trends

The share of loans in Vanuatu's total incoming development assistance has increased dramatically over the past decade. Between 2008 and 2013, loans made up less than 2% of incoming funds, but since 2016 they have accounted for close to a third. The International Monetary Fund ranks Vanuatu's risk of debt distress as high.



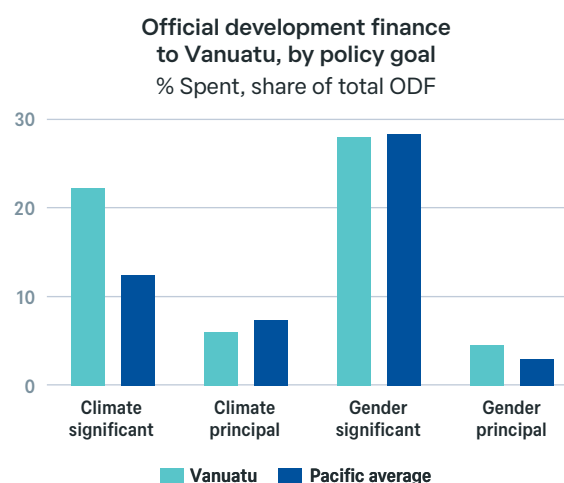
The vast majority (80%) of ODF support to Vanuatu has come from five development partners, led by Australia (37%), China (16%), New Zealand (12%), Japan (9%), and the World Bank (6%). ODF disbursements in Vanuatu were largely consistent with regional trends in terms of sector distribution.



The transport sector featured prominently, accounting for more than a quarter of incoming financing. Vanuatu also sees higher than average spending in the education and humanitarian aid sectors, the latter a product of the country's intense exposure to climatic disaster events. From 2014 onwards, Vanuatu has seen a greater emphasis on infrastructure spending. Vanuatu was one of a small number of Pacific states that did not see a significant spike in human development spending during the pandemic.

Since 2008, Vanuatu has received \$119 million in development financing with a "principal" focus on either climate adaptation or mitigation. Over this

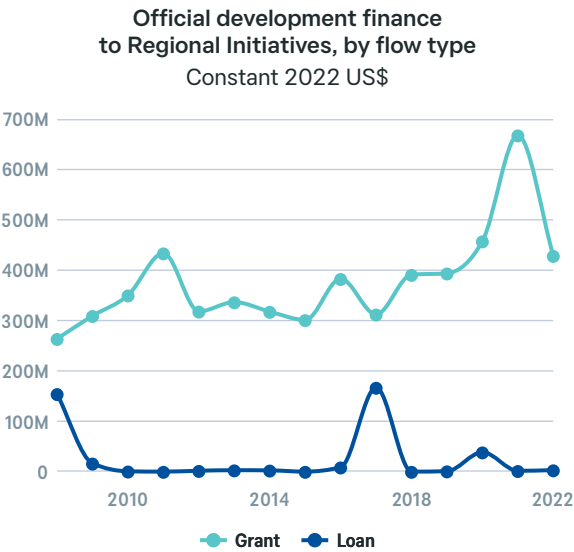
same period, the country has seen \$585 million in development financing with a "significant" focus on climate outcomes. Since the mid-2010s, Vanuatu has seen a substantial rise in spending on climate-targeting projects. As a share of total ODF received by Vanuatu, "principal" climate projects make up 6% of total spending, below the regional average of 9%. Conversely, spending on "significant" climate projects in Vanuatu makes up 22% of incoming funds, well above the regional average of 13%.



Between 2008 and 2022, Vanuatu received \$131 million in development financing with a "principal" focus on gender equality, and \$807 million in development financing with a "significant" focus on gender equality. "Principal" gender equality financing constituted 5% of ODF received by the country, well above the regional average of 2%. Similarly, "significant" marked gender financing made up 28% of incoming ODF, also well above the regional average of 21%. The largest project targeting gender equality outcomes in Vanuatu was the \$21 million Vanuatu–Australia Policing and Justice Program, funded by Australia.

REGIONAL INITIATIVES

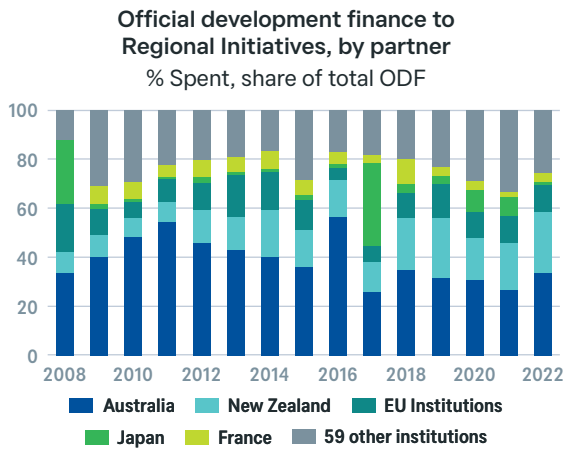
The Regional Initiative recipient category captures both funding allocated to regional organisations and projects implemented across multiple countries. Between 2008 and 2022, annual Official Development Finance (ODF) disbursements to regional projects — including grants, loans, and other forms of assistance — averaged \$393 million. Funds earmarked as regionally focused constituted the second-largest recipient in the Pacific Aid Map, accounting for 12% of incoming ODF.



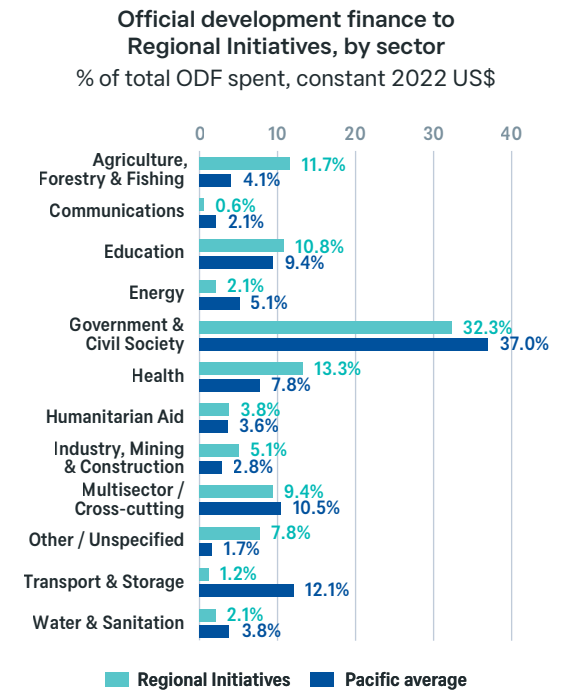
Australia is the largest provider of development funds to regional initiatives, accounting for 39% of development inflows. The next-largest providers are New Zealand (16%), EU Institutions (11%), Japan (7%), and France (5%).

The Council of Regional Organisations in the Pacific (CROP) brings together several regional inter-governmental agencies. Collectively, CROP agencies capture around a fifth of regionally earmarked ODF inflows. The Pacific Community (SPC) is the principal scientific and technical organisation in the Pacific region and the major CROP recipient in the Pacific. Almost all (99%) ODF support to the SPC comes from four donors, led by Australia, the European Union, New Zealand, and the Global Fund.

\$6.1B SPENT	\$7.1B COMMITTED	5,119 PROJECTS	85% STATUS
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ODF disbursements to Regional Initiatives are distinct from regional trends. For instance, agriculture, forestry and fishing, and water management see a greater focus when compared with Pacific averages. Regional projects are also predominantly focused on human development over infrastructure.



The Pacific Aid Map consists of data on more than 37,000 projects and activities across all Pacific Island nations from 97 development partners, with complete data from 2008 to 2022. This raw data is freely available on the Pacific Aid Map interactive platform, allowing users to drill down and manipulate the data in a variety of ways.

Key concepts

Official development finance (ODF) refers to public funds provided by governments and international organisations to promote economic and social development in low- and middle-income countries. It is the combination of official development assistance (ODA) and other official flows (OOF).

Official development assistance (ODA) is defined as financial flows that are provided by official agencies and are administered with the promotion of the economic development and welfare of developing countries as the main objective and are concessional in character.

Other official flows (OOF) consist of financial flows that do not meet the conditions for ODA either because they are not primarily aimed at development or because they do not meet Organisation for Economic Co-operation and Development (OECD) concessionality standards.

Donors

A donor is an entity, such as a government or organisation, that provides foreign assistance to support economic and social development in other countries. The Pacific Aid Map focuses on 97 official agencies or partners, both bilateral and multilateral.

Recipients

The recipient countries in alphabetical order are: Cook Islands, Fiji, Kiribati, Marshall Islands, Federated States of Micronesia, Nauru, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu, and Vanuatu. Additionally, there is an Oceania regional recipient category that captures all regional and multi-country projects.

Committed vs. spent

There is an important distinction between what development partners have committed in the region and what they have actually spent. Large commitments, typically in infrastructure, can often take a long time to disburse, meaning commitments can often overstate a donor's overall footprint. Spent funds are a better indication of annual flows into the region.

Sectors

Sectors have been drawn from the OECD sector categories and condensed for formatting purposes. The sectors are: Agriculture, Forestry & Fishing, Communications, Education, Energy, Government & Civil Society, Health, Humanitarian Aid, Industry, Mining & Construction, Multisector/Cross-cutting, Transport & Storage, Water & Sanitation, and other/unspecified.

Sources

There are two major existing databases for tracking aid and development finance: the OECD's Development Assistance Committee (OECD DAC) and the International Aid Transparency Initiative (IATI). Unfortunately, neither dataset has comprehensive reporting on non-traditional partners such as India, China, and Taiwan, nor do they cover each Pacific Island country. Steps have been taken by the Pacific Aid Map team to both fill the gaps in existing reporting mechanisms and validate what has been reported through official channels. The team collected, cleaned, and analysed data from open sources such as government budget documents, press releases, news media and social media, and websites of resident embassies. These sources are available via hyperlinks in the Pacific Aid Map database.

This approach, while detailed, will never be entirely comprehensive and some projects will likely be missing, especially from non-traditional partners. However, we are confident that this approach has produced the most complete picture of non-traditional development partner activities to date.

Climate, disability, and gender equality development finance

The OECD policy marker system provides an indication of the degree of investment a policy goal receives within an ODF project. A modified version of the OECD's marker system for climate, disability, and gender equality has been applied to all projects in the Pacific Aid Map dataset, sorting projects into three categories: "principal", where climate change mitigation or adaptation/inclusiveness of persons with disabilities/gender equality is explicitly stated as fundamental to the project; "significant", where climate change mitigation or adaptation/inclusiveness of persons with disabilities/gender equality is explicitly stated but not fundamental; and "not climate related", where climate change mitigation or adaptation/inclusiveness of persons with disabilities/gender equality is not targeted in any way. The Pacific Aid Map team has taken at face value the climate, disability, or gender equality relevance marking given to projects by

those development partners who self-report using the OECD system. For those partners who do not report, each project has been allocated a rating based on relevant criteria such as project and partner information, Sustainable Development Goal indicators, and OECD sub-sectors.

Data caveats

The research covers the period from 2008 to 2022. Data for non-traditional development partners is likely to be incomplete. Additionally, the OECD relies on partner self-reporting of OOF, and partners report into it to varying degrees. It likely understates the actual volume of OOF being transferred to the region.

Review process

The clean dataset was provided to both recipient and main partner governments and organisations for confirmation. The full methodology and a representative subset of the data was sent to an independent, external organisation for robust peer review and to validate, test, and recreate the results.

Currency

All currency is quoted in constant 2022 US dollars.

About the authors



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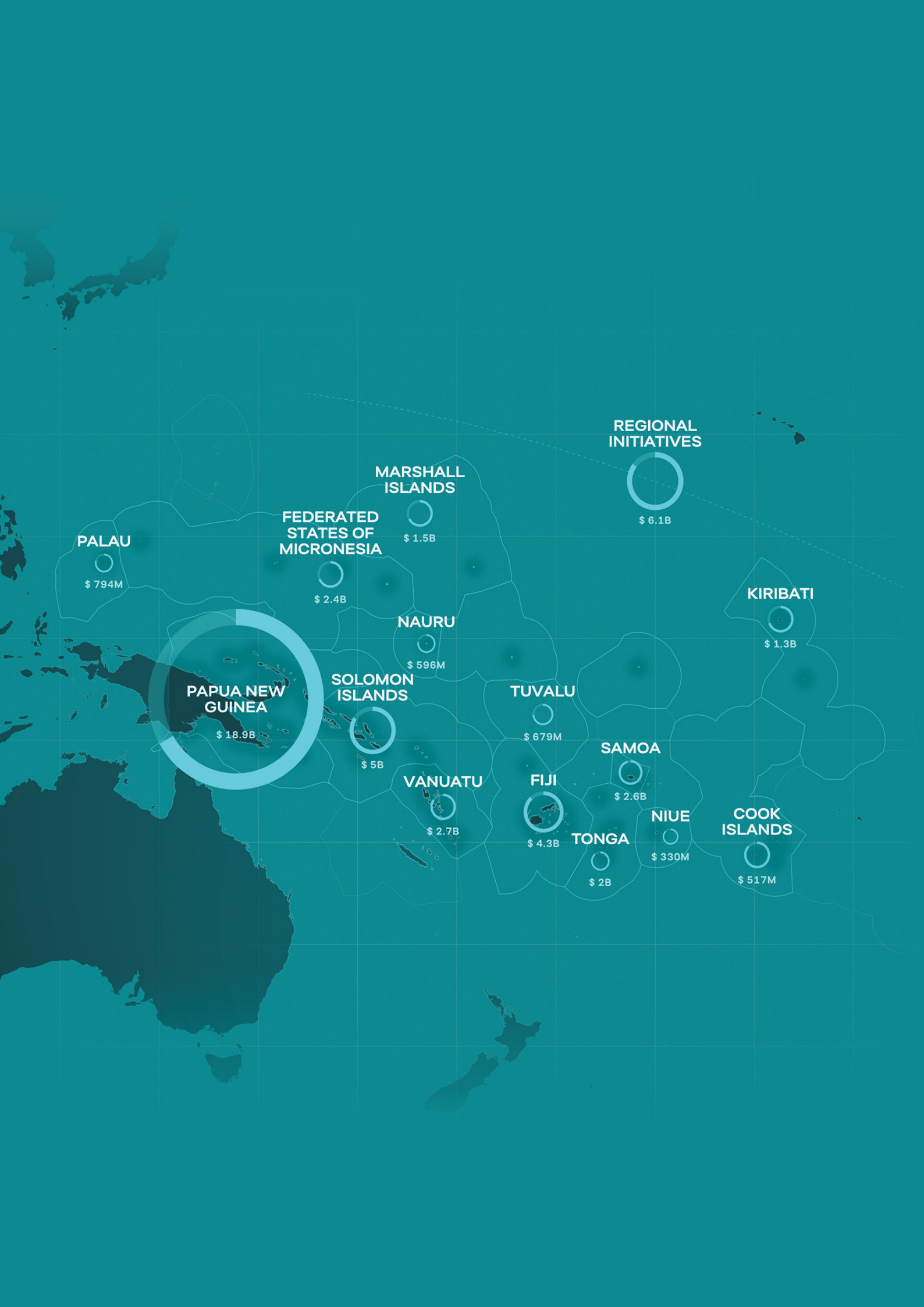


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