

13 / JUNE 2023

Pacific Islands Aid Efficiency Index

Riley Duke, Research Associate

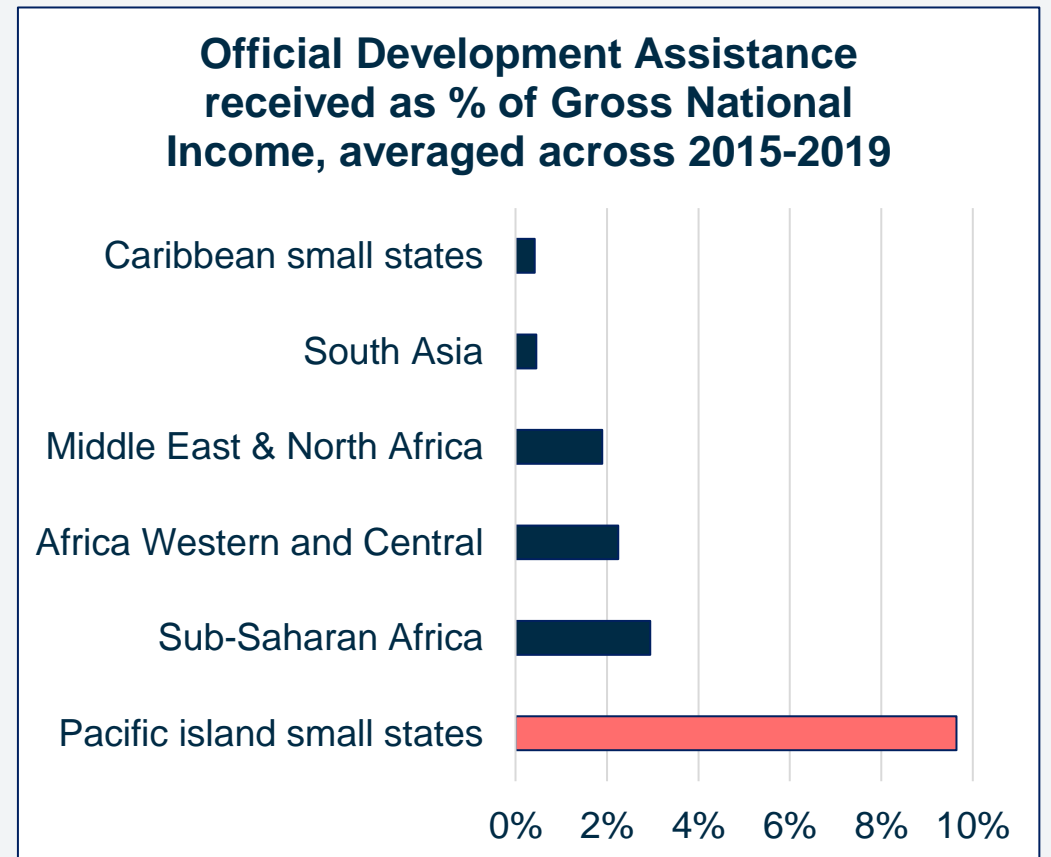
LOWY INSTITUTE

Aid Efficiency Index: Presentation Outline



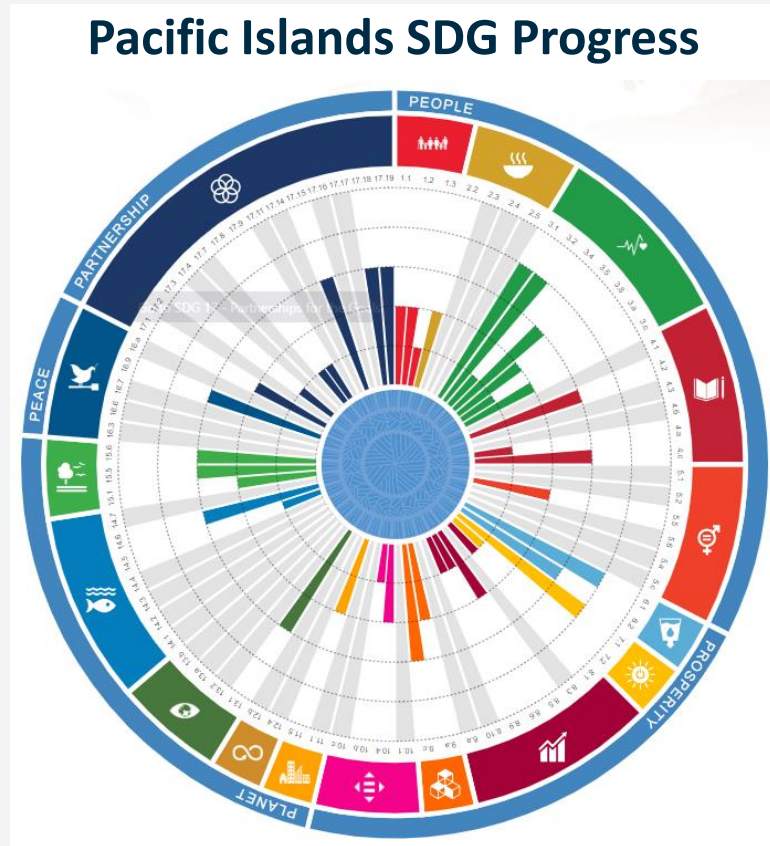
Aid Efficiency Index: Project Context

- Pacific remains the world's most aid reliant developing region
- Every year, more than \$2 billion in financial support is disbursed into the region
- Economic growth and progress towards 2030 Sustainable Development Goals has been slow
- **Raises questions over effectiveness and efficiency of foreign aid**



Source: World Bank GDI (2023)

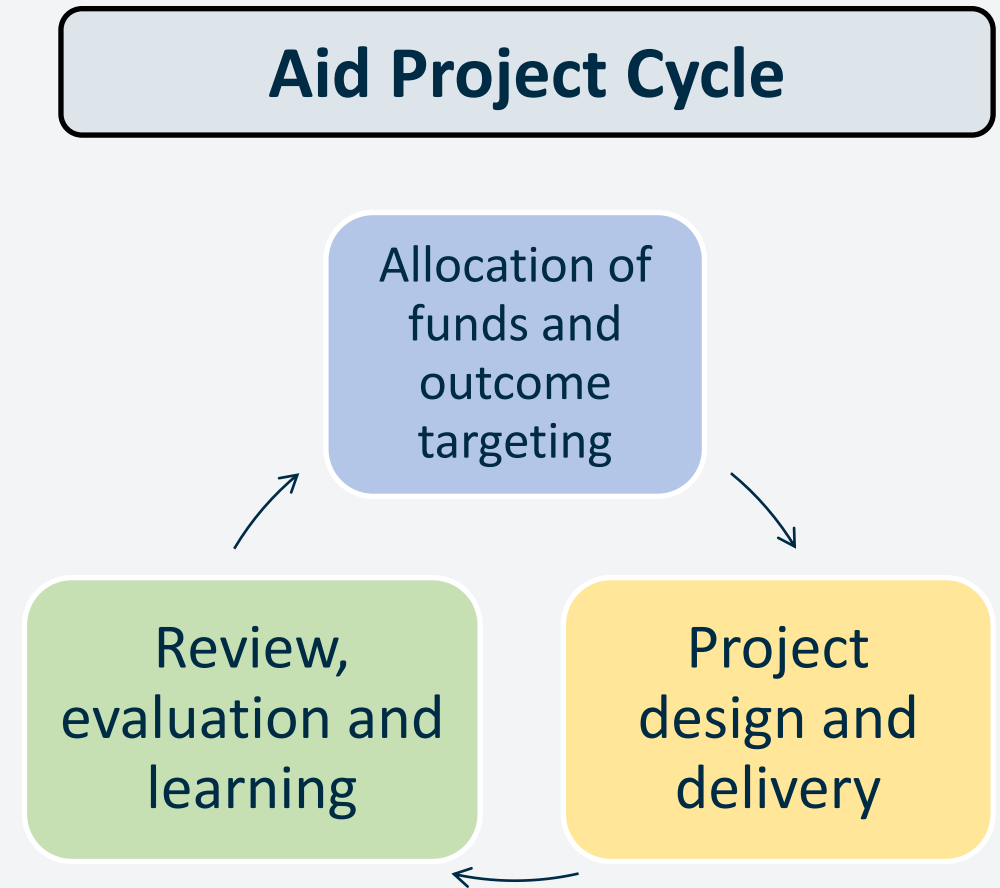
Aid Efficiency Index: Effectiveness vs Efficiency



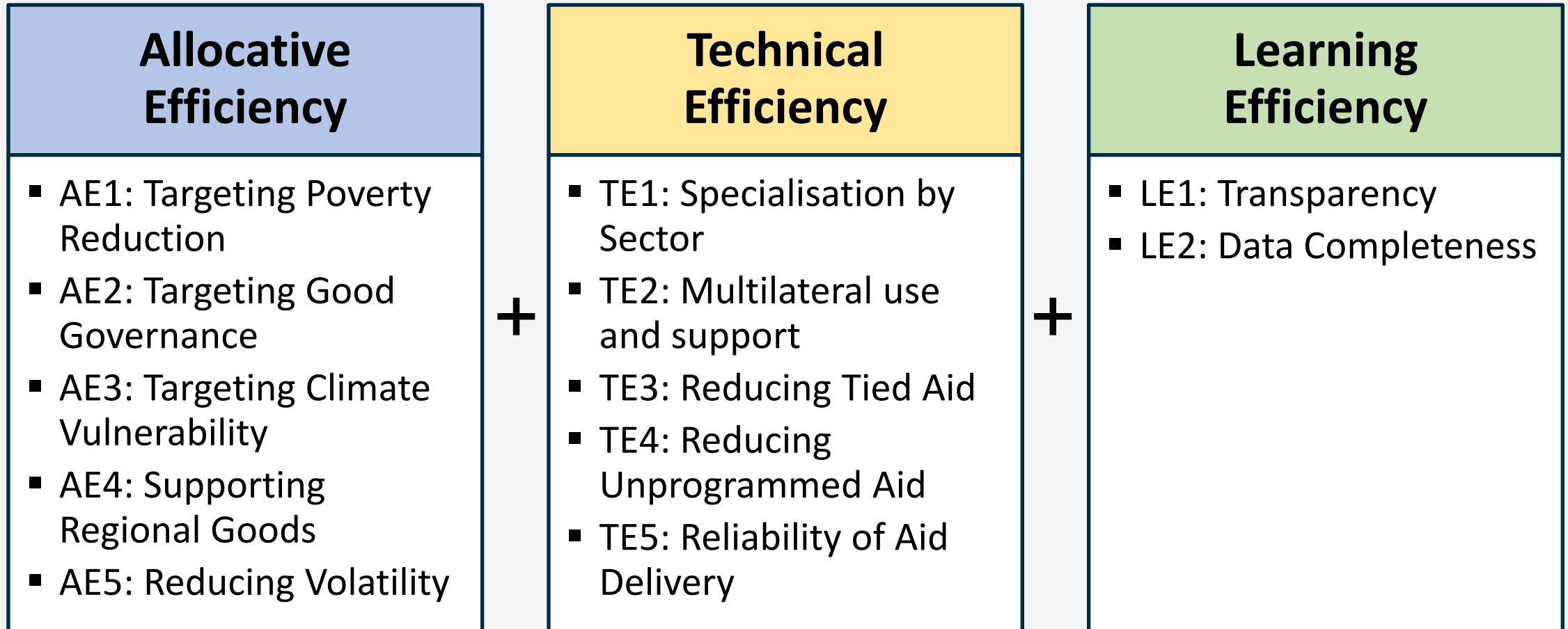
- Aid effectiveness studies predominantly focused on the structural factors in recipient countries impacting aid outcomes
- Aid efficiency has received less attention but offers both donors and recipients benchmarks for improving aid impact
- Measurability, data access and lack of incentives have made aid efficiency studies difficult to undertake
- **No standardised tools available for tracking or analysing aid quality in the Pacific**

Aid Efficiency Index: Methodology

- Index uses Pacific Aid Map dataset and covers 2008-2021 period
- Includes rankings for the region's 80 official bilateral and multilateral development partners
- Rankings are based on twelve quantitative indicators, each capturing dimensions of aid efficiency that contribute to stronger development outcomes
- **Goal is to create standardised measure of aid efficiency tailored to Pacific region**



Aid Efficiency Index: Structure



Aid Efficiency Index: Top 20 snapshot 2021

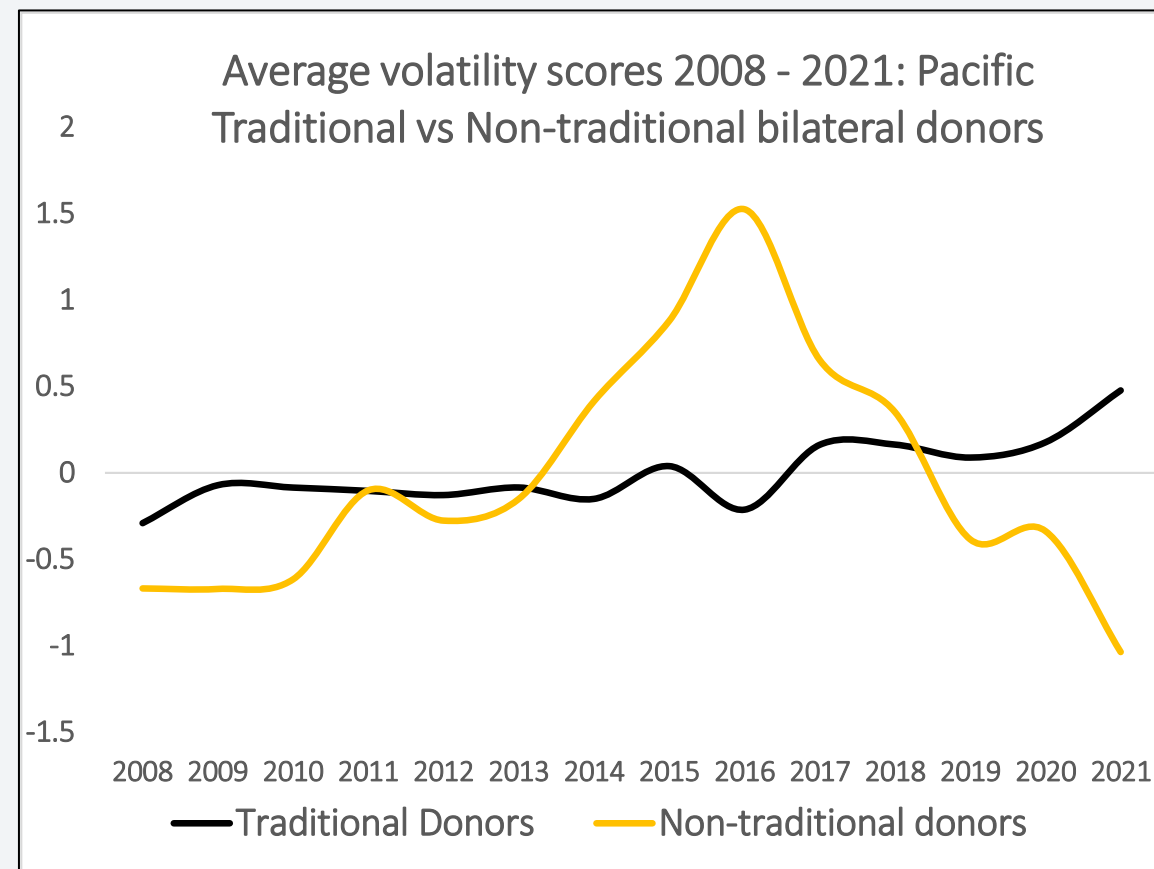
Combined Rankings 2021		Allocative Efficiency		Technical Efficiency		Learning Efficiency	
DONORS	RANK	DONORS	Score	DONORS	Score	DONORS	Score
World Health Organisation	1	Adaptation Fund	99.61	Global Fund	100.00	Canada	100.00
Adaptation Fund	2	WHO	74.96	GAVI	99.88	WHO	71.27
United States	3	United States	73.49	CIF	97.08	EU Institutions	63.12
Green Climate Fund	4	Indonesia	69.28	WHO	94.29	Australia	61.54
Canada	5	Canada	67.27	IFAD	92.04	United Kingdom	60.60
Global Fund	6	Korea	66.93	GCF	89.07	Germany	60.33
Climate Investment Funds	7	China	63.57	GEF	87.53	United States	59.83
GAVI	8	France	62.97	Sweden	81.74	Denmark	57.27
IFAD	9	GCF	62.89	WTO	80.70	France	54.00
WTO	10	WTO	62.67	Japan	70.51	World Bank	52.24
Korea	11	EU Institutions	59.44	Norway	70.23	Sweden	51.28
Sweden	12	UNDP	59.32	United States	69.69	United Nations Industri	50.85
UNDP	13	New Zealand	58.68	ADB	68.74	Japan	48.84
France	14	Denmark	57.74	Korea	60.56	Adaptation Fund	47.49
Germany	15	CIF	55.46	International Trade Ce	58.83	Global Fund	47.33

Aid Efficiency Index: Large Donor Snapshot 2021

Combined Rank 2021			Allocative Efficiency		Technical Efficiency		Learning Efficiency	
DONORS	Score	RANK	DONORS	Score	DONORS	Score	DONORS	Score
United States	75.67	5	United States	73.49	Global Fund	99.88	EU Institutions	63.12
Global Fund	68.97	9	Korea	66.93	GEF	80.70	Australia	61.54
Korea	59.15	15	China	63.57	Japan	69.69	United States	59.83
France	54.47	18	France	62.97	United States	60.56	France	52.24
EU Institutions	48.09	23	EU Institutions	59.44	ADB	58.83	World Bank	50.85
Australia	45.79	27	New Zealand	58.68	Korea	56.81	Global Fund	47.33
Japan	44.97	28	Australia	55.06	France	45.43	ADB	43.81
Global EnviroFac	37.92	37	World Bank	52.92	Australia	35.70	GEF	42.86
World Bank	30.94	43	Global Fund	47.60	EU Institutions	31.88	New Zealand	39.40
New Zealand	24.55	50	Japan	38.50	World Bank	21.06	Korea	36.29
China	16.76	51	GEF	28.51	China	17.28	Japan	31.70
ADB	16.47	52	ADB	15.37	New Zealand	15.17	China	12.27

Aid Efficiency Index: Traditional vs Non-Traditional

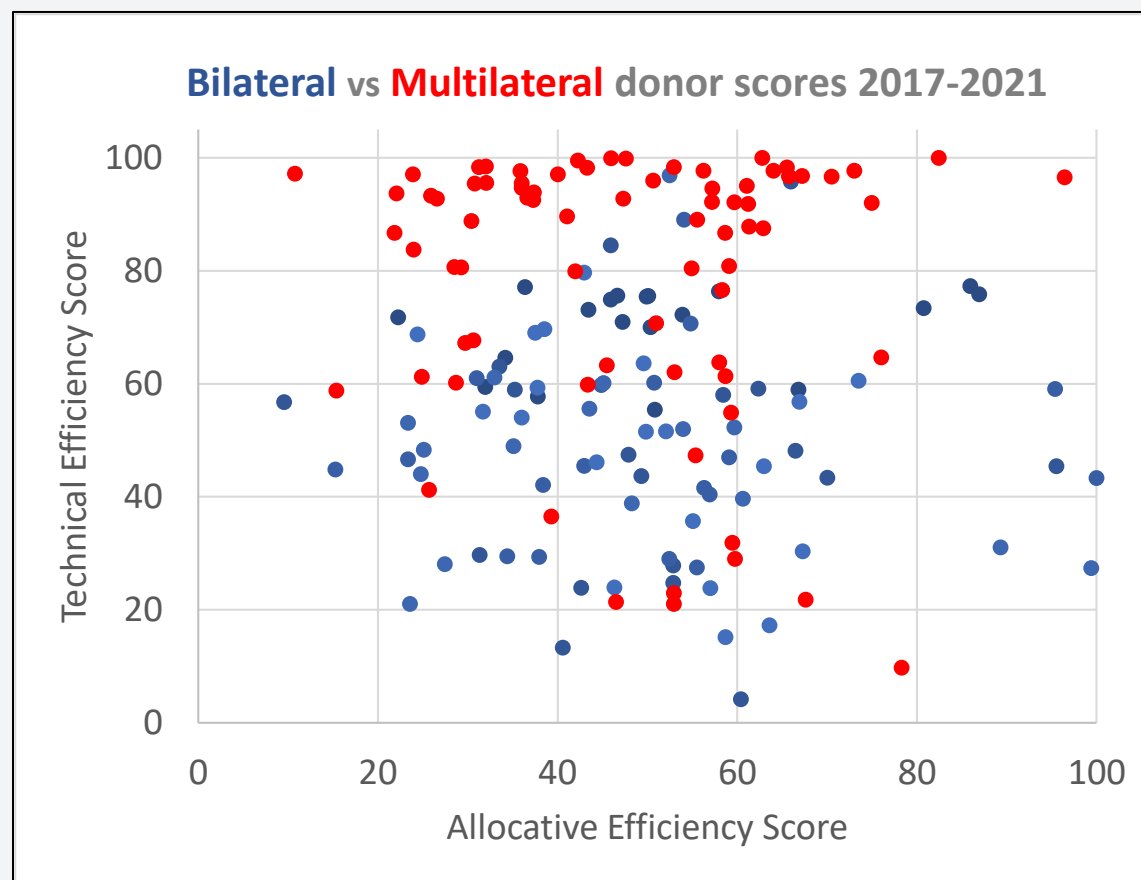
- Aid disbursements from the Pacific's non-traditional bilateral donors are significantly less volatile than traditional donors
- Studies suggest that reducing year-to-year ODA volatility and improving the predictability of development financing reduces the administrative burden on recipient states



Source: Pacific Islands Aid Efficiency Index, Preliminary Results 2023

Aid Efficiency Index: Bilateral vs Multilateral Donors

- Multilateral donors score significantly better than bilateral donors in the Technical Efficiency measure over the 2017 - 2021 period
- On average, bilateral donors score marginally higher in the Allocative Efficiency measure



Source: Pacific Islands Aid Efficiency Index, Preliminary 2023

What's next?

- Additional methodology consultations: June – July 2023
- Implementation: July – August 2023
- Publication with the Pacific Aid Map: August – September 2023
- Yearly update: August 2024



www.pacificaidmap.lowyinstitute.org

Email: rduke@lowyinstitute.org

LOWY INSTITUTE

Level 3, 1 Bligh Street, Sydney NSW 2000, Australia
+61 2 8238 9000 reception@lowyinstitute.org
lowyinstitute.org