Small islands, big challenges: rethinking the Pacific aid architecture (part 2)

By Jimmie Rodgers
25 October 2013

This is the second post in a two-part series. The first is available here.

For many of the smaller island countries in the Pacific, the use of the phrase ‘maximising aid effectiveness’ is almost synonymous with the concept of the ‘shared sovereignty’ principles that underpin development in the region.

Sovereignty of individual countries will remain the starting point for discussions on development aid between respective countries and development partners long into the future. This is a given. Each island nation in the Pacific, regardless of its size, natural resource endowment and human capital, has the same right as any other country in the world to determine its development agenda and to fulfil its aspirations as a member of the global community of nations.

Having said this, and given the inherent geophysical characteristics of the countries in the region, one needs to ask the question: are there other ways in which development aid could be provided to island countries that would assist each country to achieve its development goals and strengthen regional cooperation and collaboration without undermining individual country sovereignty?

The answer is simply yes. The challenge is a conceptual one, but it often gets
transformed into a discussion about sovereignty that hinders initiative.

A genuine discussion needs to be had between development partners and Pacific island countries on the shortcomings of the current architecture of development aid in the Pacific and to agree on modalities that would enhance the development impact of aid to individual island countries as well as to the region as a whole. The discussion needs to start by challenging the status quo and asking: is there a better way?

This paradigm shift requires island countries to delineate between those development outcomes that are best addressed through bilateral development aid retaining current principles of sovereignty, and those that are best addressed through genuine cooperation and collaboration with another island country, or countries, through a multi-country or regional arrangement that embodies the concept of shared sovereignty. This will assist the country to determine the mix and magnitude of its development aid and how it is to be delivered.

For development partners, they need to ask themselves whether they would be prepared to align their bilateral development aid in a more complementary way. They also need to consider if they would be prepared to support a two-tier development aid architecture that clearly delineates between direct bilateral aid and aid provided under the ‘shared sovereignty’ concept through a multi-country or regional arrangement, linked directly to and measured against country-level national level development indicators.

These approaches are not new to the region. What is new is the acknowledgement at the national level that ‘development aid’ through a multi-country or regional approach under the principle of ‘shared sovereignty’ does not compete with bilateral arrangements (as it is currently viewed).

Where to from here?

The Pacific islands region has benefited tremendously from development aid. Looking to the future, many island countries will continue to depend on this in the
long term. For many of the smaller countries, the discussion needs to shift from development aid to long term development partnerships.

The aid architecture to date had been built on the premise of individual, country driven development priorities on the one hand and reciprocal, development partner bilateral support on the other. Multi-country or regional development approaches are often seen as direct competition to nationally driven approaches, undermining national sovereignty.

In the Pacific context there needs to be a paradigm shift that embraces the concept of shared sovereignty, in which development aid delivered through agreed multi-country or regional approaches is embraced as an integral part of their aid architecture.

The Pacific islands region boasts many of the best examples of where regional cooperation actually works. Underpinning these successes is the law of diminishing country size – where the importance of multi-country or regional approaches increase as country size diminishes. For many small island countries in the Pacific, multi-country or regional approaches are not an option, they are an imperative.

Development partners are an important part of this shift. As development aid financing gets tighter, better aid coordination is crucial and partners also need to look beyond aid.

Getting the Pacific aid architecture right as we head into the future is crucial. This will require challenging the status quo; learning from experiences of other regions; and some out of the box thinking in relation to aid volumes, who it is given to and for what purposes, how it is given and how impacts are to be measured.

Ultimately it all comes back to political leadership in the respective countries and territories. Vested in the hands of governments is the mandate and responsibility for making decisions to influence how resources are best used and managed in
order to obtain the maximum benefits for current and future generations.

Perhaps the most important question to reflect on is: how do we wish to see each Pacific island country 50 years from now? If we can picture what we would like these countries to look like in the future, when their populations will have nearly doubled as natural resources reduce, then we can understand what needs to be done today to safeguard the future of the PICTs.

What legacy will we leave? Or, to put it another way, how will future generations view this generation of Pacific Island leaders and decision-makers? The answer to this question must inform the choices and decisions that all of us make now.

Dr Jimmie Rodgers is the Director General of the Secretariat of the Pacific Community. This blog post is based on a keynote speech he delivered at the ‘Future of International Development in Asia and the Pacific’ conference in Melbourne in May this year (a video of his presentation is available here). The first part of this two-part series is available here.

Disclosure

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The OECD DAC highlights the Oceania region (comprising 22 island countries and territories) as the highest per capita recipient of development aid globally – standing at US$237 per capita, about 4.8 times more than the African region (US$49 per capita) and almost ten times more than the global average for aid to all developing countries combined (US$24 per capita).

Such statistics raise legitimate questions.

Does the Pacific islands region need more development aid when it is already the highest recipient of aid per capita globally? Why is the Pacific islands region not tracking well on many global targets and indicators (such as the MDGs)? What development outcomes or achievements can be attributed directly to the high level of development aid at the individual country or the broader regional level? Is the current aid architecture to Pacific island countries and territories the most appropriate or still relevant? Does it enshrine principles of aid effectiveness?

Should there be a re-thinking of the aid architecture in the Pacific to acknowledge the unique characteristics of the region?
Current aid to the Pacific

Just over 90% of all aid flowing into the Pacific comes from five DAC countries - Australia, France, Japan, New Zealand and the USA - and one multilateral partner, the European Union.

The distribution of aid differs by development partner. The bulk of France’s aid goes to the three French territories of the Pacific; the bulk of US aid goes toward the three freely associated States; total EU funding goes to the 14 Pacific ACP countries and four OCT (territories); and Australia and New Zealand cover the Forum island countries, with Japan also mostly providing support to these countries.

A significant proportion of aid to individual countries is in the form of budget support and smaller amounts targeted at time-bound and verifiable outputs agreed on between individual countries and donors through their respective bilateral partnership arrangements.

I am of the view that we are still quite a distance from getting the aid architecture right in the region, and further away still from achieving a sound platform to enhance aid effectiveness. The issue is not to do with the lack of agreements or principles – these exist. Rather it is to do with the inability to implement these agreements.

Globally, the international community has signed up to three agreements to enhance aid effectiveness - the Paris Principles (2005), the Accra Agenda for Action (2008) and the Busan Partnership for Effective Development Cooperation (2011). In addition to these, Pacific island countries have also agreed on three other important regional mechanisms – the Pacific Plan for strengthening regional cooperation and integration (2006); the Pacific Aid Effectiveness Principles (2007) and the Cairns Compact on strengthening development coordination in the Pacific (2009).

Despite this, progress on achieving the intents of the agreements has been slow.
Measuring the degree of development impact is difficult without first agreeing on the relevant milestones and indicators for each of the recipient countries.

Major development partners in the region still find it challenging to coordinate their assistance to individual countries. Development partners are very sensitive to each other’s interests, and while many try to take a coordinated approach and to link aid to agreed national development priorities – reflected by the existence of many SWAPs (sector wide approaches involving many partners) – some partners prefer to go it alone. This sometimes leads to a discourse of politeness rather than serious engagement to enhance aid effectiveness at the country level.

The utilisation of development aid differs between countries, but for the majority of islands the vast proportion goes to the social sectors (50-70%) with the economic sector and production sectors next in line. Targeting of aid by countries also differs significantly, influenced by traditional and historical links.

**Future aid to the Pacific islands region**

In the future, will all Pacific islands countries reach a state of economic self-reliance where they will no longer require development aid to supplement their own development efforts?

The reality is that very few Pacific countries have this potential. Even for these few, it is unlikely they will achieve such level of self-reliance in the short to medium term. For the majority of the 22 island countries and territories, dependence on development aid will continue in the long term. For some it will remain a permanent feature of their development agenda.

Given this scenario, discussion should focus on the architecture of aid that is most appropriate for the Pacific, taking into account the unique characteristics of the region.

Such a discussion will delineate between island countries where the current, shorter term development aid model (to achieve agreed objectives over a shorter
time frame) may remain appropriate, while those island countries for which development aid might become a more permanent feature of their development agenda may require a mechanism that is long term in nature and based on an agreed development partnership framework.

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