

DEVELOPMENT COORDINATION

1. The 12 small Pacific island countries (PIC-12)¹ are highly reliant on development assistance—with net official development assistance comprising around 40%–50% of gross capital formation; being equivalent to 13%–20% of imports of goods, services, and net primary income; comprising 8%–13% of gross national income; and reaching around \$400–\$475 per capita annually. The Pacific region has many bilateral and multilateral development partners and a strong history of regional cooperation with numerous regional organizations. Given the small populations and limited capacity and resources, development partner coordination is important to minimize the demands on government and to ensure government priorities are well understood.

2. **Multilateral support.** There are five key multilateral organizations variously offering assistance to the PIC-12 as shown in the table. These offer a mix of grant, concessional lending, and non-concessional lending to their member countries. The Asian Development Bank (ADB) and World Bank are the largest multilateral partners for the PIC-12 with portfolios of \$1.3 billion² and \$1.2 billion, respectively.³ The United Nations organizations (including Food and Agriculture Organization of the United Nations, United Nations Development Programme, UNICEF, The United Nations Entity for Gender Equality and the Empowerment of Women, and World Health Organization) also play an important development role in the Pacific, having shared “OneUN” offices in the smaller countries. Indeed, in the health sector response to the coronavirus disease (COVID-19) the United Nations’ Joint Management Team and its various working groups facilitated strong multi-donor coordination.

Membership and Priorities of Multilaterals in the Pacific

Items	Asian Development Bank	Asian Infrastructure Investment Bank	European Investment Bank	World Bank	International Monetary Fund
Cook Islands	X	X	X		
Kiribati	X		X	X	X
Marshall Islands	X		X	X	X
Micronesia, Federated States of	X		X	X	X
Nauru	X		X	X	X
Niue	X		X	X	X
Palau	X		X	X	X
Samoa	X	X	X	X	X
Solomon Islands	X		X	X	X
Tonga	X	X	X	X	X
Tuvalu	X		X	X	X
Vanuatu	X	X	X	X	X
Priorities ^a	<ul style="list-style-type: none"> Preparing for and responding to shocks 	<ul style="list-style-type: none"> Sustainable infrastructure Cross border connectivity 	<ul style="list-style-type: none"> Climate and environmental sustainability Innovation and skills 	<ul style="list-style-type: none"> Fully exploiting available economic opportunities 	<ul style="list-style-type: none"> International financial stability and monetary cooperation

¹ The PIC-12 comprise the Cook Islands, the Federated States of Micronesia, Kiribati, the Marshall Islands, Nauru, Niue, Palau, Samoa, Solomon Islands, Tonga, Tuvalu, and Vanuatu.

² Active portfolio as of 31 December 2020 including regional projects and technical assistance.

³ World Bank. 2020. [Our Work in Papua New Guinea and the Pacific Islands](#).

Items	Asian Development Bank	Asian Infrastructure Investment Bank	European Investment Bank	World Bank	International Monetary Fund
	<ul style="list-style-type: none"> • Delivering sustainable services • Supporting inclusive growth 	<ul style="list-style-type: none"> • Private capital mobilization 	<ul style="list-style-type: none"> • Infrastructure • Small and medium-sized enterprises • Cohesion • development 	<ul style="list-style-type: none"> • Enhancing access to employment opportunities • Protecting incomes and livelihoods • Strengthening the enablers of growth opportunities 	<ul style="list-style-type: none"> • International trade • Employment and sustainable economic growth • Reduce global poverty

^a Asian Infrastructure Investment Bank. [AIIB Strategic Programming](#); European Investment Bank. [Our Priorities](#); World Bank. 2017. *Regional Partnership Framework for Nine Pacific countries*. Washington, DC; International Monetary Fund. [The IMF At A Glance](#) (accessed 28 February 2021).

Source: Asian Development Bank.

3. **Regional organizations.** With the foundation of the now Secretariat of the Pacific Community in 1947, followed by the now Pacific Islands Forum in 1971,⁴ the Pacific region moved towards an environment of growing regional collaboration. Regional organizations multiplied addressing issues including tourism, fisheries, health; providing tertiary education; and reflecting industries (power, telecommunications, and water); as well as providing for business and community representation. The Council of Regional Organisations in the Pacific (CROP) brings together eight leading regional organizations in a consultative process designed to promote complementarity and avoid overlap or gaps between the member work programs.⁵ Heads of CROP meet annually but coordination is led by by a number of sectoral working groups responsible for collaboratively working on various regional projects and policy initiatives. The organizations receive their mandates through regular meetings of leaders or ministers.

4. **Bilateral partners.** Key bilateral partners in the Pacific are Australia (the largest donor to the Pacific) and New Zealand in the south Pacific, the United States in the north Pacific, along with Japan, the People's Republic of China, and Taipei, China. There are also other bilaterals with a smaller, and often geographically or issues-based, development role in the Pacific—for example, Indonesia, India, Israel, Korea, Malaysia, and the United Kingdom.

5. **Development partner coordination.** Development coordination is strong at all levels in the Pacific. At the country level, government-led development partner meetings happen regularly in most countries. For example, Tonga holds annual development partner coordination meetings which allow for a range of government departments and development partners to discuss strategic priorities. National sector-focused meetings are also held when there are multiple partners in sectors. The area of public financial management sets a good example of donor coordination. In PICs where there are policy-based operations, these tend to be multi-partner in nature and guided by a joint policy reform matrix. This provides focus for regular review of progress and to coordinate technical assistance around.

⁴ Formerly known as the South Pacific Commission and South Pacific Forum, respectively.

⁵ Members comprise: the Pacific Islands Forum Secretariat, the Pacific Community, the Pacific Islands Forum Fisheries Agency, the Secretariat of the Pacific Regional Environment Programme, the South Pacific Tourism Organisation, the University of the South Pacific, the Pacific Islands Development Programme, and the Pacific Power Association.

6. Coordination with regional organizations occurs in a number of ways. Ministerial communiqués can guide the engagement of multilateral and bilateral development partners in specific areas. For example, ADB’s engagement in the implementation of new vaccines (including for human papillomavirus) in the Pacific developed out of the 2016 Forum Leaders Communiqués emphasis on cervical cancer. The CROP working groups can bring in additional members from outside the CROP organizations—for example ADB and World Bank are members of the Information and Communication Technology Working Group reflecting their role in the promotion of broadband cables—and together the development agenda is shaped. Transport, energy, health, and education are some of the other sectors where regional-level coordination is strong. Industry-based groupings have most recently formed a means through which capacity building can be provided—ADB engages closely with the Pacific Power Association and the Pacific Water and Wastewater Association.

7. ADB, World Bank, and the International Monetary Fund (IMF) have a long-standing cooperative relationship. ADB and World Bank have jointly financed reform programs as well as projects sectors including roads, information and communication technology, and water. IMF’s representative office in Fiji promotes the engagement of ADB and World Bank in the annual Article IV missions, while the IMF’s Pacific Financial Technical Assistance Centre plays an important role in coordinating and informing public finance engagement in the Pacific and received financial support from a number of partners including ADB.

8. At the regional level, development partner coordination is also strong, and offers some unique responses to the pressing need to ensure coordinated support. Annual “Heptagon” meetings bring together eight development partners and are complemented by a series of back-to-back meetings including among Australia, New Zealand, World Bank, and ADB which cover country and regional issues of common interest. Infrastructure coordination has been a major focus for over a decade (see Box), health partners meet regularly as the “Quints,” while a “Friends of Budget Support” grouping engages on areas of public sector reform. In addition to face-to-face meetings, video conferencing is allowing for more regular coordination among these dispersed groups.

Pacific Regional Infrastructure Facility

The Pacific Regional Infrastructure Facility (PRIF) is a multi-partner coordination and technical assistance facility established in 2008, through the Asian Development Bank (ADB) technical assistance, to help improve the quality and coverage of infrastructure in the Pacific. PRIF provides an interface between development partners and its Pacific member countries to improve the quality and coverage of infrastructure and service delivery. A full-time Secretariat and regular sector-focused working group meetings ensures its effectiveness.

PRIF works to enhance coordination of partner investments in the Pacific and provide technical advice on infrastructure development and sustainable infrastructure. PRIF supports five economic infrastructure subsectors: energy, telecommunications, transport (road, aviation, and maritime), urban development, and water and sanitation.

PRIF financing partners are the Asian Development Bank, Department of Foreign Affairs and Trade (Australia), European Union, European Investment Bank, Japan International Cooperation Agency, New Zealand Ministry for Foreign Affairs and Trade, United States Department of State, and the World Bank Group. PRIF operates in the 12 Pacific island countries, as well as in Fiji. Papua New Guinea is an associate member.

Source: [Pacific Regional Infrastructure Facility](#)

9. **Cofinancing.** Beyond collaboration, cofinancing of investments jointly with development partners is a frequent occurrence in the Pacific. This allows larger investment beyond the scope of any one development partners allocations to be achieved. The broadband submarine cables interconnecting Pacific islands are a good example of development partners' cofinancing—together bringing greater connectivity to Cook Islands, Niue, Samoa, and Tonga. Cofinancing also brings new partners to the Pacific—providing a channel for Global Environment Fund, Global Partnership for Education, and Green Climate Fund resources. Sovereign cofinancing comprised an average of 62% of ADB commitments over the period 2018–2020 and strong development partner coordination will continue to underpin high levels of cofinancing.