



## The Role of Foreign Aid In Addressing Urban Vulnerability and Poverty In The Pacific

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### ABSTRACT

The poverty index in most of the eleven Pacific Island Countries (PICs) is alarming. In these countries, there is a growing challenge meeting the other basic needs besides food emanating from the substantial economic and environmental risks. In 2012 the World Bank reported, at least six South Pacific Island Countries were categorized as lower-middle-income countries with a general per capita of less than 4,085 United ins Dollars as documented (World Bank, 2012). It is worth noting that at least cases of extreme food deprivation are low in the South Pacific Island Countries but there are other new forms of hardships such as the need to strive to meet the costs of non-food needs such as housing orchestrated by the increasing uncontrolled urbanization and monetization of the economy. Some notably vulnerable scenarios in this region are the small populations and remote location of areas that impede economic diversification hence constant economic shocks. Also, the topography of this region exposes them to a range of natural calamities such as earthquakes. This, substantially, renders the countries to be highly dependent on the foreign aids and grants. Again, external cash over-reliance and goods inflows by the South Pacific Island Countries (PICs) renders them to the volatility in bordering large economies. This article will highlight how international organizations address the issues of hardship and vulnerability to natural disaster among PICs like Papua New Guinea and Samoa. This paper will firstly bring to readers the current economic status of the island countries the Pacific followed by the directions and methods taken to cope with livelihood issue. Finally for conclusion and recommendations on how communities can address these issues locally.

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## Pasifik'te Kentsel Korunaksızlık ve Yoksulluğun Ele Alınmasında Dış Yardımın Rolü

### MAKALE BİLGİSİ

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### ÖZ

On bir Pasifik Adaları Ülkelerinin çoğunda yoksulluk endeksi endişe vericidir. Bu ülkelerde, önemli ekonomik ve çevresel risklerden kaynaklanan gıda ihtiyacının yanı sıra diğer temel ihtiyaçları karşılamakta da giderek artan bir zorluk vardır. 2012 Dünya Bankası raporunda, en az altı Güney Pasifik ülkesi, kişi başına 4,085 ABD (Amerika Birleşik Devletleri) Doları'nın altına düşen gelir ile orta gelirli ülkeler kategorisinde yer aldı. Güney Pasifik ülkelerinde en azından aşırı gıda yoksunluğu olaylarının düşük olması dikkate değerdir ancak artan kontrolsüz kentleşme ve ekonominin pazar ekonomisi durumuna gelmesi ile planlanan konut yapımı gibi gıda dışı temel ihtiyaçların karşılanması için çaba sarf edilmesi ihtiyacı gibi başka yeni zorluklar da vardır. Bu bölgedeki dikkat çekici senaryolardan bazıları, küçük popülasyonlar ve ekonomik çeşitlendirmeyi engelleyen bölgelerin uzak olması dolayısıyla sürekli görülen ekonomik şoklardır. Ayrıca, bölgenin topografyası, onları deprem gibi çeşitli doğal felaketlere maruz bırakmaktadır. Bu, özünde, bu ülkeleri, yabancı yardımlara ve bağışlara son derece bağımlı kılmaktadır. Yine, Güney Pasifik Adası Ülkeleri'nin (PIC) dış nakit ve mal girişlerine aşırı bağımlılığı, onları çevreleyen büyük ekonomilere karşı güçsüz duruma sokmaktadır. Bu makale, Papua Yeni Gine ve Samoa gibi Pasifik Ada ülkeleri arasındaki doğal afetlere yönelik güçlükleri ve zafiyetleri ele almada bu uluslararası organların rolüne bir bakış açısı getirecektir. Bu yazıda öncelikle Pasifik'teki ada ülkelerinin mevcut ekonomik statüsü okuyuculara anlatılacak, daha sonra geçim meselesiyle başa çıkmak için alınan yön ve yöntemleri gösterecektir. Son olarak, toplulukların bu konuları yerel olarak nasıl ele alabileceklerine ilişkin sonuç ve öneriler için.

### 1. Introduction

Poverty continues to be a global problem affecting people either directly or indirectly and even though there are many factors which can be attributed to being the cause, human factors play a huge role in creating it. Pacific is one of the regions with high levels of poverty. The 2016 Human Development Report claims that the key to human development is universalism and human development is of course is attainable for everyone. It has reported that there has been growth in improvement in the poverty rate from 1990 to 2013 from a 35 percent to less than 11 (UNDP, 2016). This report also claims that even as it is successful in reducing the poverty rate, there are other issues that still contribute to poverty, such as natural disasters, economic and financial crises, climate changes and many more (UNDP, 2016). Natural disasters and climate changes are two of the most important contributors of poverty in the Pacific. A growing population also means rise in demand for services while supply is limited causing a tight response to wipe poverty out totally.

Amartya Sen's capability approach is characterized by its decision of center upon the ethical criticalness of people's capacity of accomplishing the sort of lives they have motivation to esteem. A man's ability to carry on with a decent life is characterized as far as the arrangement of important 'creatures and doings resembles being healthy or having adoring associations with others to which they have genuine access (Sen, 1979). Sen saw two sides of freedom, one is the process aspect and the other is opportunity aspect. The process aspect as he defined it to be "the ability to act on behalf of what matters" which is the freedom of agency. The opportunity aspect as also known as capability approach is "real opportunity to achieve valued functioning, selected from among various good possibilities (Sen, 1999). What a man is allowed to do and accomplish in quest for whatever objectives

or qualities he or she sees as essential is someone wants to act because he knows it will bring change to his well being (Sen, 1985).

The post Washington consensus details the nature of the failure of the Washington consensus such as it fails to understand the economic structures of developing countries. Stiglitz said the Washington consensus focused too narrowly on economics which led itself failing to see the broader context (Stiglitz, 2008). He said the Consensus failed to realise that one policy in one country may not work for everyone else so as in the case for PICs one policy structured by the Washington consensus might not have show an improvement in the countries in terms of development and poverty reduction. Stiglitz also mentioned that development needs the market and state institutions to be strengthened. The broader consensus as the author mentioned is against ‘excessive protectionism’ that as it were serves the interests of exceptional interests, however there is no agreement that quick advancement, particularly in a nation with high unemployments, will prompt quicker financial development. It might just prompt greater unemployments. The typical contention that progression liberates assets to move from non-productive to productive sectors is unconvincing when there are abundant underutilized resources officially accessible. In these cases, there is a rising agreement: nations ought to be offered space to try, to utilize their own judgment, and to investigate what may work best for them (Stiglitz, 2008).

There are some areas which can be regarded to be having minimal poverty rates, it is important to take into consideration some areas which have significantly been able to grow economically regardless of the harsh conditions available in the area. However much of this region might have been able to grow over time, it is important to remember that critical measures have been undertaken. Some of the ways this has been made possible include through; Stakeholder involvement and foreign aid donors and programs in the eradication of poverty in the Pacific, the management of urbanization for inclusive development, and Infrastructural development. For them to do so, different International organizations and stakeholders have actively been involved towards ensuring that relevant measures have been undertaken.

The regulation of populations in either setting allows the government and other International bodies and NGOs to come up with relevant plans aimed at enhancing development. This case has not been any different to PICs. As such, countries are adequately prepared with strategies and plans of ensuring that all these measures aimed at combatting poverty have sufficiently been integrated into a country’s development activities. The Pacific region was able to achieve tremendous economic growth in over the past few years. Although this may seem to be the case, it is significant to take note of the fact that the Pacific continues to be viewed as poor due to the increased population of poor people. Statistically, the region is projected to be home to almost half of the world’s inferior margin of individuals. This has over time called the need for ensuring that relevant measures are adequately taken into place to ensure that the issue of poverty is addressed. Based on a 2016 study conducted by the World Bank, 33% of the world’s 766 million poor people are believed to be living below the poverty line of US \$1.9 each day. 9% of these individuals live in in the eastern part of Asia and the Pacific (Silber & Wan, 2016, pp. 18-27).

Contrary to traditional belief that rural setups might have high level of poor population, the case continues to change as more and more individuals continue to suffer from the wrath of poverty even after migrating to urban areas. The increase of urban poor continues to grow across Asia-pacific which has to this day risen to different countries across this region. The Pacific Island governments have found it very difficult to deal with this menace as it continues to grow each day. This just means that more efforts and resources ought to be integrated into the governing system to ensure that more people can access basic amenities and resources.

Besides poverty reduction being a major headache and struggle throughout the region, this problem persists to be considered as an overarching goal that requires meeting at all scales whether it is locally or internationally. This issue has therefore called the need of involving different stakeholders and investors as well as international bodies from development institutions situated regionally, nationally and internationally. These institutions may either be governmental, non-governmental or in some cases a partnership between the two. To address this problem, principal actors from around the

world have proposed for a shift of growth strategies from growth-centric to pro-poor growth and what has recently been regarded as inclusive growth. Like most parts of the world, development agencies within the Pacific region have encouraged foreign aid programs and research practitioners to be engaged in programs and projects that are more associated to bringing about the aspect of development along its vast borders. This has also ensured that these kind of similar activities are managed, controlled, monitored and supervised from the local, regional, national as well as at international level (Silber & Wan, 2016, pp. 237-246).

Countries that constitute the South Pacific Island have varying social protection systems which serve to protect the most susceptible members of the society and the victims of both personal and natural calamities in the region (Anderson, 2010). The only impediment to these efforts is the limited knowledge on formal social protection techniques in the region. There is also little research on the impacts of external input on such poverty scheme, human development and economic growth. Some of the social protection services that have been paralyzed in a way in this region are the access to primary education, health care, clean water and sanitation and vital services such as housing.

Recently, the islands of Kiribati, Papua New Guinea, Samoa, Solomon Islands and Vanuatu, in particular, have been faced by social protection incapacitation. This is about the global food, fuel, and financial crisis. This, in essence, has drawn the attention of international bodies in charge of development in remote countries such as the World Bank, the United Nations Development Programme (UNDP), and the US Aid among others (Fine, Johnston, Santos, & Waeyenberge, 2016). They have come in with much attention to the innovative social protection measures that address the issue of chronic poverty in the region, mitigating the impacts of natural calamities, improving food security and overcoming the financial bumps to meeting social services and basic needs such as water, food, shelter and healthcare. The main aims of this paper is to reveal the benefits of foreign aid and if it has positively affect the PICs. This paper will give an insight into the role of these international bodies in addressing the issue of hardships and vulnerability to natural disasters among the PICs such as the Papua New Guinea and Samoa. The paper will begin by outlining an overview of the economic and social situation in the countries mapped in this region. It will go ahead to elaborate on some of the causes of strives to attain social protection, and it will conclude by putting a way forward on how countries in this region can address this issue locally.

## **2. About economies in the Pacific**

The main significant challenges facing a significant proportion of residents of the countries situated in the Pacific Islands is the lack of opportunities, access to infrastructure, access to essential services and financial constraints (Goodman, Morawetz, & Lepani, 1987, pp. 111-119). The first responsibility about handling these issues rest with the governments in this region. The government's initiatives in addressing the issue of poverty and urban vulnerability, in particular, should be inclined towards empowering the poor through such things as agricultural growth reforms. Therefore, foreign bodies seeking to intervene in addressing the issues bombarding the residents of these countries have to first work in support of the programs that have already been chatted forward by the mother governments. Although, there are also some actions that foreign aid can tackle independently of those already initiated by the local governments as long as they are beneficial in the long run.

Rural to urban migration has over time proven to be a major problem about development activities. The higher the rate of this migration, the lower the chances of enhancing economic growth within any given geographic setting. Arguably, the higher the migration, the greater the likelihood of emergence of factors likely to limit this increase. Some of this factors include; rise of rates of insecurity, the spread of diseases congestion among much more. An increase in this factor may negatively interfere with how well people can conduct their activities and make a better living out of it. To combat this problem, different foreign aid programs within and without Pacific region have been able to come up with measures and strategies to control the situation. A good way to do this is to ensure that people in rural areas are adequately able to gain the optimal level of satisfaction about economic growth and development. This means that people in the rural areas are able to enjoy the services that the government is providing the same way as urban dwellers. This is crucial as it also goes ahead to ensure that people in rural areas can obtain means of making a living so as they may

improve their living standards. Studies show that “The 2030 Agenda brought to light the desire to increase investment in rural infrastructure and to support positive links among urban, peri-urban and rural areas by strengthening national and regional development planning” (Stoler, Redden, & Jackson, 2009, pp. 32-51).

Some of how governments in this region have been able to control the rate of migration include through the creation of productive sectors such as in agricultural production. When this is made possible, the rural may be able to offer services as well as resources which may prove to be of significance to the urban sector as well. A good example of this instance includes the way in which cities are likely to provide processed products whereas rural areas provide raw materials for efficient production processes.

Most of the foreign aid programs in the Pacific region have been inclined towards addressing the issue of poverty in this region as argued by (Brown, Connell, & Jimenez-Soto, 2014). They believe that poverty is at the epicenter of the social and economic drawbacks facing the countries in the South Pacific region. The Australian aid also known as Ausaid, has been in the frontline in championing the foreign aid programs towards improving the social welfare and reducing the urban vulnerability in this countries. Therefore, the international aid programs have a role in addressing the problems pondering the nations through such means as strengthening the local governance, poverty eradication, improving the social indicators, building prospects for sustainable economic growth, being in the frontline in consolidating for peaceful resolution of conflicts especially in Bougainville, targeting and reducing inequalities and economic disparities, provision of primary healthcare and education, transport and communication infrastructure maintenance and improvement among many other responsibilities.

### **3. Poverty eradication and promotion of equity**

Poverty eradication has proved to be an important measure towards ensuring countries can meet their millennium development goals. For them to do so, different foreign aid programs and stakeholders have actively been involved towards ensuring that relevant measures have been undertaken. This case has not been any different to Asia-Pacific countries. The United Nations development bank has over time been able to design appropriate strategies that would allow this region to be able to adequately eradicate instances of poverty. This organization has been able to come up with UNDP (United Nations Development Programme) strategic plan supposed to run from 2014 up to 2017. This plan has been drafted with a range of objectives which should be met at the relevant time to ensure poverty is adequately eradicated (UNDP, 2013). The means of doing so are also ensured at providing the measures used should be done in a manner that every aspect of inequality and exclusion is significantly addressed (Roy, 2007, pp. 109-121).

As indicated earlier, most of the people in this region are rural dwellers. To address the issue of inequality that is alarming in these countries, the foreign aid should target those in the most deprived regions of a given country. Inequality is the most culpable practice that leads to poverty due to inequality in resource allocation. By reducing inequality, the tensions between different ethnic groups is lessen in the process according to (Scheyvens & Russell, 2011). Recent empirical studies indicate that countries with reduced growth and development inequalities experience low levels of poverty and impoverishment. Therefore, a more significant number of foreign aid should be channeled in development projects that empower the lives of the poor people. Development projects such as the construction of roads in the rural areas will significantly create more job opportunities for the locals. This could, in turn, truncate into a great source of income that will aid them to be able to meet other social and basic obligations such as access to quality healthcare.

The implementation of relevant policies by the Asian Development Bank is solely “intended to capture the multi-faceted nature of the work that is carried out at the regional level, which combines cooperation initiatives and consultation with the countries involved, and providing policy and advisory consultations in support of the implementation of national programs in the region” (Schwarz, et al., 2011). Within the Asia-pacific region, other organizations have seen the interest of issuing their assistance towards overseeing that they meet the same goals. A good example of these organization is the South Asia association for regional cooperation (SAARC), The Pacific Islands Forum (PIF), Association of Southeast Asian Nations (ASEAN), and the secretariat of the pacific community (SPC).

They all aim at promoting welfare, improve the quality of life, an increased economic growth, social progress and cultural development for its member states. All these organizations have over the years been actively involved in implementing policies that have been able to address problems in Asia-Pacific member state regionalization programs. The UNDP (United Nations Development Programme) ensures that fundamental principles are created to allow such inter-governmental institutions to conduct their various activities with ease. Aside from this, the UNDP (United Nation Development Programme) has also encouraged member countries to engage in inter-country collaborations where poorer countries might be able to share their ideas as well as relevant resources and technology with nations who might be well-off than they are. This move might also allow such countries to exchange and share experience levels at a time that is convenient for the recipient country's needs (Roy, 2007, pp. 21-25).

Some people who live in rural areas tend to conduct their operations mainly in the informal sector. Most countries in the Pacific give little attention to the informal sector hence people in this industry receive little attention when it comes to government support initiatives and service deliveries, and yet they pay taxes just like their counterparts in the formal sector. For example, in Papua New Guinea, such people have been left out in the economic growth that is capital mining intensive. This is where the donors should jump in and introduce new agricultural methods, aid in expanding this sector, identify the market gaps and assistance in scavenging for an international market for locally produced agricultural products in these countries.

Most of the strategies initiated by foreign aids address the issue of poverty in the long run. The large aiders of the south pacific globe, the Japanese and the Australians resorted to address the following problems in their quest top efficiently eradicate poverty in this region; strengthening the efforts of the local governments, improving the social indicators and building perspective for sustainable development in line with the recently proposed 17 Sustainable Development Goals (SDGs). These programs seek to address the elementary, primary healthcare, access to basic quality education, improvement and maintenance of the transport sector, promotion of law and order among others. The foreign aid programs on education can help in the development of educational curriculums that will be in line with the global economic targets and also avail funds for free basic education in the said region.

#### **4. Access to primary healthcare**

The public sector for instance in the PICs (Pacific Island Countries) has been wanting due to lack of clear frameworks in addressing issues of communicable and non-communicable diseases. This has been rampant mostly in rural settings where there are high levels of poverty, and people lack quality information concerning the available healthcare options. Even though most of the donor funds from foreign bodies and countries such as Australia and USA (United States of America) have constantly targeted the public health sector, the education sector, and the agricultural sector, they have not subsequently been effective in addressing the issue of the deteriorated public health sector in the PICs.

Therefore, future donor funds should involve measures for the provision of clean water. There is evidence of difficulties to access and secure fresh water in remote areas. For example in the Faroe Islands, only a third of the total population have access to clean and safe drinking water, an indication that this area has not been given much priority by the donor services. According to the Millennium Development Goals in 2015 compressed into the Sustainable Development Goals, access to clean water is paramount to improved health and education.

The upsurge of communicable diseases in this region is notable. This is due to poor public health infrastructure such as to address the etiology of such infections namely malaria, HIV/AIDS (human immunodeficiency virus), pandemic and Tuberculosis. Foreign donors should be on the forefront in supporting the World Health Organization (WHO) in funding programs and projects that seek to address communicable diseases. These funds could be in the form of drug donations, distribution of treated mosquito nets to control malaria, the establishment of TB (Tuberculosis) control facilities and donations that support HIV control programs.

The problem of non-communicable diseases was previously a problem of developed countries. Recently, the upsurge of such conditions as cancer and high blood pressure are choking residents of developing countries especially in the Sub-Saharan Africa and the South Pacific Islands. This could be attributed to poor dietary patterns and poor public health infrastructure to address the issue. Cancer, for example, is a capitalist disease and could present challenges in the quest to seek medical attention by the residents located in this region since most of them are poor rural dwellers. Therefore, the international community should come in and offer services such as free cancer screening services and construction of treatment banks.

## **5. The management of urbanization for inclusive development**

It is estimated that more than a half of the Pacific islanders will inhabit urban areas by the year 2018. The reason behind this projection is based on how much more and more people continue to seek better opportunities in urban setups as opposed to those doing so in the rural areas. If this trend continues, available resources in urban areas may end up being jeopardized to a point where available resources are stressed to the point that they are no longer able to support development. As a result, this is likely to bring about the issue of multi-development poverty within the region. The problem of urbanization has therefore been highly associated with exclusion, inequality, and risks. This has therefore called the need of bringing need of controlling this problem. According to World Bank, “The rural–urban transitions and demographic changes taking place across the region and their gendered dimensions have far-reaching implications for both rural and urban areas and family structures and communities” (Roy, 2007, pp. 178-184). By managing urban areas, the government might be able to ensure that there are fewer cases where people get to migrate from rural areas to urban setups.

Since cities are the hubs for regional integration, its management is, therefore, crucial to how it functions. This, therefore, calls for the need of ensuring that all activities promoting development are looked into from time to time. When these activities are controlled, more foreign aid programs can sustainably make use of the available resources ensuring that there is economic growth. This, therefore, means that “Efforts to promote inclusive urbanization must successfully deal with inequality and exclusion, the increasing vulnerability of impoverished and slum populations, the increasing and more complex health risks and inadequate infrastructure and services” (Gilbert, 2008, pp. 12-20).

Similarly, people in urban areas often tend to be the most vulnerable to disasters, crises, and shocks. Similarly, rural areas are also susceptible to these shocks making it difficult for them be prepared for what is likely to face them. The regulation of populations in either setting allows the government and foreign aid donors and other stakeholders to come up with relevant plans and strategies aimed at enhancing development. This makes it easier for the available resources to meet their required functions (Roy, 2007).

## **6. The provision of safety nets and direct transfers**

Most of the financial loans directed to countries in the Pacific Islands are in the form of loans to fund development projects. Donor funds are channeled explicitly into public health initiatives and educational programs. This has led to smaller proportions being directed to the provision of safety nets and direct transfers. Given the topography of countries such as Papua New Guinea, this presents a risk emanating from natural calamities such as tsunamis. Even though a larger part of the populations in the regions of Papua New Guinea, for instance, are vulnerable to shocks, the donor projects have failed to be effective in safeguarding the safety of the poor. Risk management in the rural settings are limited by the financial constraints due to their low incomes. Therefore, this calls for a collaborative effort by the international aid agencies and the local credit and financial services in funding the risk management and mitigation services in this region.

### **6.1. Aid in risk management**

Availing financial services to the poor people in the rural areas is another obligation of the international aid agencies. The local governments should support the microfinance systems in the rural areas to enable greater access to credit and insurance services that can aid in the management of risk and carry out other profitable investment activities that bring home income. This will be very essential

owing to the topographical nature of the South Pacific Islands which renders the rural populations to be more susceptible to natural calamities and diseases such as cholera and malaria. To establish these schemes, the aid agencies should work hand in hand with NGOs (Non-Governmental Organizations) by way of funding their programs.

## 6.2. Building of development infrastructure

The government in various countries within the region have been able to enhance development activities by contracting modern infrastructure in the central hubs. Some of the most important infrastructure that has promulgated growth include the construction of roads and other means of transport as well as coming up with modern energy sources. This support is crucial as it has enabled different aid donors to invest more in different sectors. For instance, the creation of means of communication allows investors to interact with ease from any location. Transport facilities have also played a significant role towards ensuring that there is convenient and flexible movement of goods and services from one place to another. According to traditional studies, “There are promising technological innovations, particularly in the areas of energy and ICT (Information and Communication Technology), that can more quickly narrow the access gaps and at lower cost than previously” (Roy, 2007, pp. 67-72).

Aid agencies should prioritize the construction of new transport and communication systems and health facilities and also improve and maintain the existing ones. This could be achieved through donor services and loans and grants at lower interest rates. World Bank has been in the forefront of funding development projects in developing countries but issuing loans and grants. Improved transport and communication will ensure greater access to health and educational services, reduced transport cost by local producers hence raise income. Improved transport and communication services will also foster national unity and cohesion due to improved communication between people with different ethnic backgrounds, significantly decreasing the social injustices such as crime and insecurity.

## 7. Targeting and reducing inequality

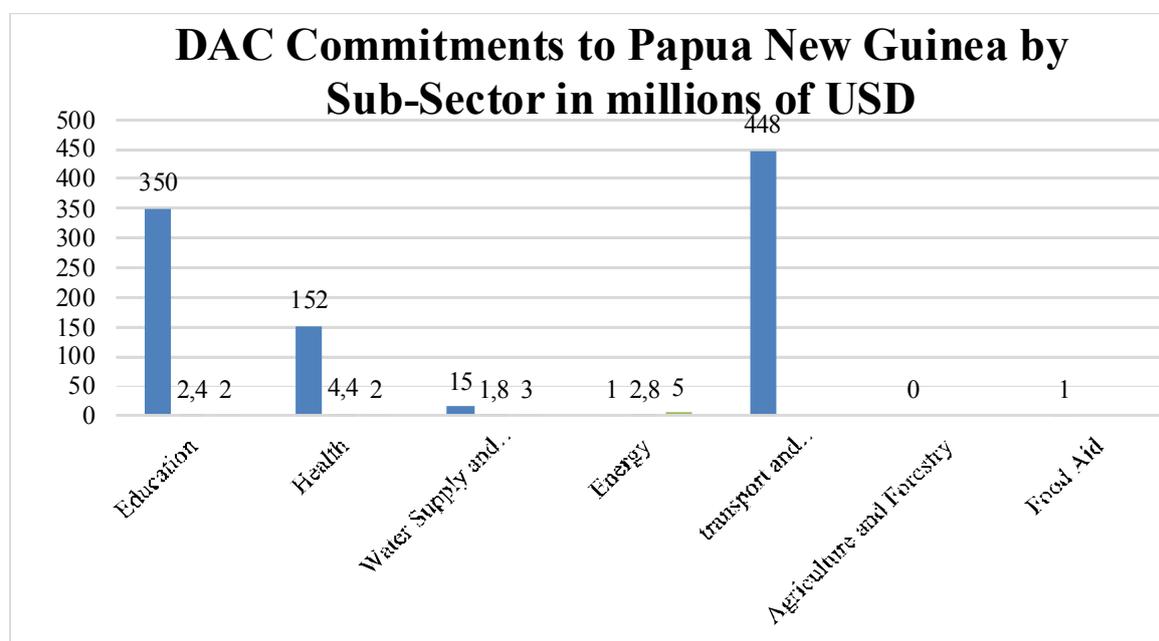


Figure 1. The DAC commitments by the PNG Government in millions of USD

Source: Obtained from analysis by IMF and World Bank (2006).

The above chart indicates how the health, education and transport and communication sectors need the support of international aid agencies. In Papua New Guinea, surprisingly little funds have been channeled into the water and sanitation sector. This is an area that the donor funds should prioritize in the efforts to reduce cases of the water borne disease in the rural communities.

The issues presented in the above chart for Papua New Guinea is a reflection of what is happening in other countries in the same region. As previously indicated, lack of elaborate transport systems and lack of access to quality primary healthcare and basic education are the major culprits of poverty in Papua New Guinea, particularly in the rural areas. It is the same connection that the donor tokens should solely focus on improving access to quality basic education, greater provision of learning equipment and trained tutors and should aid in curriculum development. Australian aid programs have performed well in undertaking this according to previous reports. For example, the Australian aid health programs have given much attention to improving the low-cost of primary and preventive healthcare in remote areas and establish an effective health service delivery framework in the rural communities.

## 8. Analysis of foreign aid in the Pacific Island Countries (PICs)

The development aid services extended to countries in the South Pacific have evolved over the years due to the international best practice aid management and delivery systems. The new developments in the development of partnership in funding development programs in the Pacific region have in a way to reduce the sovereignty of South Pacific Island Countries as argued by (Murray & Overton, 2011). Below are some of the approaches used to analyze the situation of donor funds from foreign aid agencies in the Pacific Islands.

### 8.1. Program based approaches

Development projects in the South PICs have now sited to a program based strategy due to the high costs associated with funding a large number of single projects and the need to utilize local systems in executing the projects. According to the latest data by the High-Level Forum on Aid Effectiveness held in Paris in 2008, only 66% of this mode of approach had been rolled out (OECD & World Bank, 2008). This is indicative of poor performance from the regions performing dismally with only a total of 325 implemented program-based projects as indicated by the figure below. The graph indicates Samoa as an outstanding performer in aid funds management and utilization in the region.

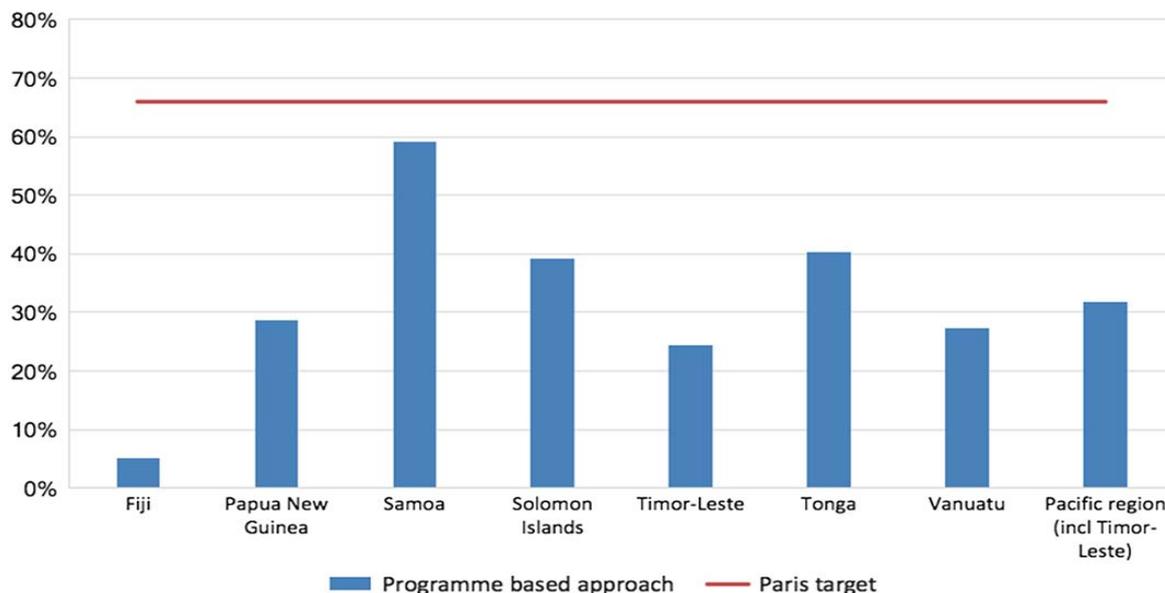


Figure 2. Program-Based Approaches (Percentage of Aid Disbursed)

Source: Obtained from analysis by IMF and World Bank (2006).

### 8.2. Aid fragmentation

This approach defines the challenge that the PICs are facing as the foreign aid is broken down into small portions from too many different donors. This, in essence, creates high costs of transactions thus making it hectic for partner countries to efficiently take control of their development projects. Compared to other developing countries such as in the Sub-Saharan Africa, fragmentation of foreign

aid among South Pacific Island countries is low (Pfütze, 2010) as will be illustrated in the table below. High levels of aid fragmentation have far-reaching negative implications to the quality of the aid accorded. This could be due to the high costs of transactions accruing from the lengthy time required in meeting the donor specifications. Also, there are too many small projects that present narrow opportunities to reap from the large economies of scale. According to donor banks report, a high number of donors also present with the problem of donor coordination (IMF; World Bank, 2006, pp. 201-203).

Table 1  
Aid Fragments Per Region

Region	Unweighted averages across nations (the higher the scores, the lower the fragmentation)
Sub-Saharan Africa	0.175
Far East Asia	0.179
South and Central Asia	0.154
Pacific	0.456

Source: Obtained from analysis by Pfütze (2010).

### 8.3. Aid volatility

The volatility of foreign aid has been found to present some impediment to the economic growth, investment and government expenditure in the beneficiary countries (Overton, Prinsen, Murray, & Wrighton, 2012). Foreign aid-dependent countries in the Pacific Islands have had problems with this issue as it exposes them to shocks and adversely affects the ability of their governments to effectively plan for the expenditure of the received foreign aid. Volatility punctures aid flows affects more the general government revenues or GDP (Gross Domestic Products). The figure below shows that aid volatility in the PICs has been lower as compared to those in other developing regions by use of a coefficient of variations to indicate aid volatility. The assumption that the aid volatility is always high with smaller countries where the ODA (Official Development Assistance) is more critical is misguided since the data from PICs ranging from 1970-2012 disputes this assumption. Although, when individual donor volatility is assessed, the result implies that aid from less essential development partners from the South Pacific region is more volatile. This is attributed to the project lumpiness in the region.

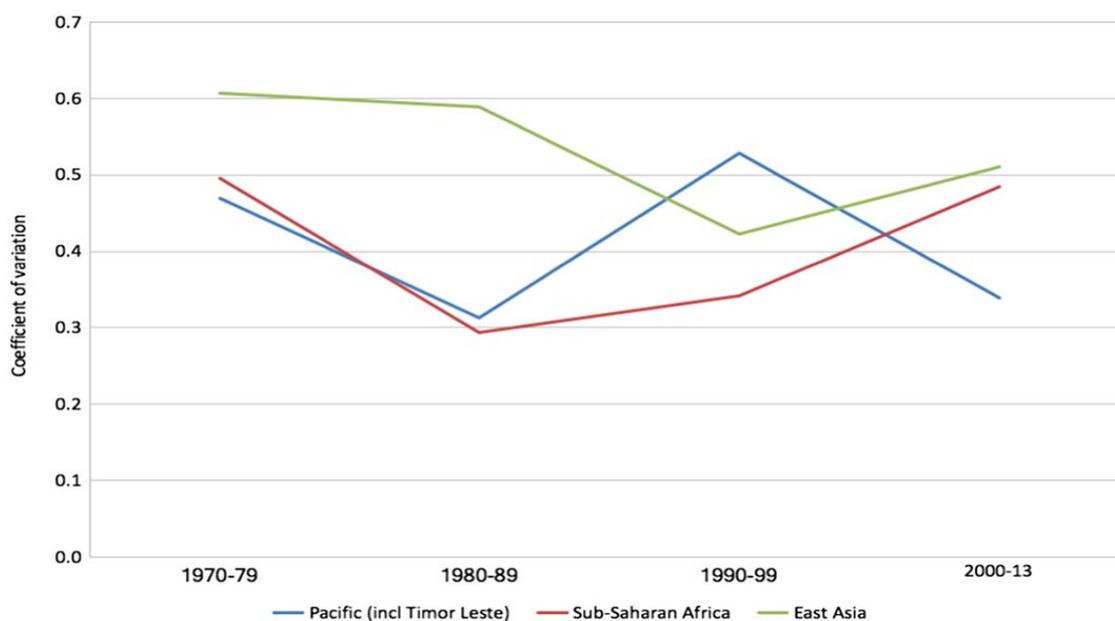


Figure 3. Aids Volatility in the PICs

Source: Obtained from IMF and World Bank data (2006).

#### 8.4. Predictability

It enables the recipient countries to be able to manage and initiate changes where necessary in the aid received. The Country Programmable Aid (CPA) is the one most commonly used to exclude aid that is unpredictable by nature. Such aid could be for humanitarian relief services or to serve emergency services. According to the frequency table below, it is clear that the CPA (Community Programmable Aid) forward figures are highly inaccurate and unable to give the exact figure of donations by 2008 in Oceania.

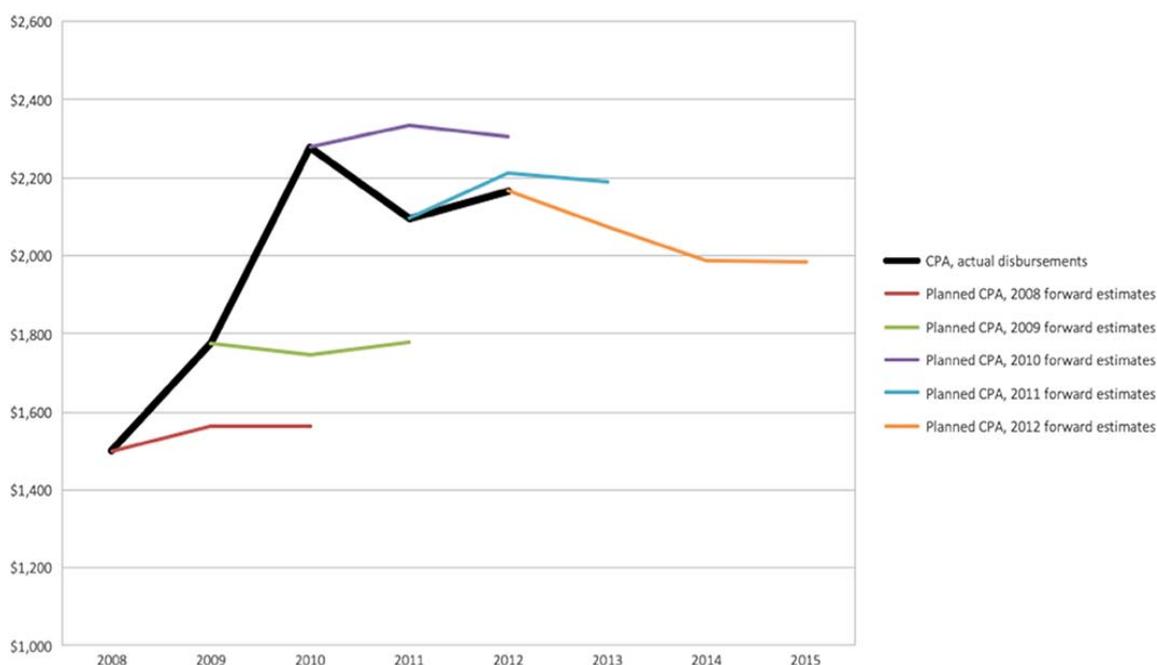


Figure 4: The Predictability of Country Programmable Aid to Oceania: Planned vs. Actual Disbursements

Source: Obtained from analysis by Anderson (2010).

#### 9. Causes of poverty in the Pacific Islands

There are multiple factors contribute to high levels of poverty and impoverishment in the countries situated in the Pacific Island region. Most of these factors are economical with a few social ones as argued by (Barnett, 2011, p. 230). One of the causes is the increasing demand for cash in this region due to the rising population. Although the level of monetary services is still low as compared to the developed countries, families continue to grow large hence increasing the demand for cash to meet the basic necessities. Second, the inadequacy of quality basic education and health care services especially in the public health docket is another contributing poverty factor. Many marginalized groups were unable to pay school fees, and so their children languish in poverty dwelling in the informal sector. Also, the poor families are unable to access and utilize the available health services, and hence they are victims of common diseases that are bank-breaking.

Thirdly, another impeding factor is that livelihood opportunities are limited in the region. Many people in this region dwell in subsistence farming which is not an option for those who have small pieces of land as argued by (Schwarz, et al., 2011). Also, the cost of obtaining a fishing license for example for Indo-Fijians is high rating at \$550, and this discourages many non-indigenous Fijians from acquiring the license. The fourth reason stands to be the exposure to shocks. People living in PICs are constantly exposed to both natural and economic shocks. Kiribati, Samoa, Tonga and Vanuatu ranks as the world's most vulnerable countries to natural calamities according to (Pacific Islands Forum Secretariat, 2016). The limited access to financial services in the form of credit and insurance present yet another factor increasing poverty in the region.

## 10. Conclusion

The Pacific region has, like most parts of the world, been affected by the problems of poverty. Owing to this fact, more and more people within these countries continue to suffer the wrath of lacking adequate means of survival. As such, more and more individuals tend to take part in alternative ways of making a living which may at times prove to be life threatening. This thereby leads to an increase in crimes hence increased levels of insecurity. Due to this problem, foreign investors are thus reluctant when it comes to investing in these countries. This therefore basically means that these countries end up lagging behind economically (development-wise) when compared to countries from other parts of the world. These factors have therefore led to the need for coming up with relevant measures of ensuring that this problem is adequately taken care of. Some of the stakeholders that have taken part in ensuring that this is possible include; government and non-governmental organizations or sometimes both. Active involvement has allowed some of these countries to be able to eradicate severe levels of poverty thereby bettering the situation at hand. If this continues to be the case, some of the countries in this region are likely to do away with this problem completely.

Over the years, an increase in the ODA (Official Development Assistance) receiving a little less than what they had received previously was experienced in the PICs. This is a good indicator that the nations in this region are responding positively to the foreign aids being channeled in them. Although there have been disparities in this scale up as those countries with higher production turnover benefiting more from the aids as compared to those with concentrated poverty. This leaves me to denote that the international aid agencies still have a lot of homework in ensuring sustainable funding of development projects in the PICs. They could empower the local governments in managing the development projects already initiated effectively.

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