

## The Pacific Index: In Brief

The ADRI-Sustineo Pacific Index is the result of research collaboration between Sustineo and the Alfred Deakin Research Institute at Deakin University. It stems from the fact that rich countries need to do far more in the Pacific address development challenges, and that these efforts need to go well beyond foreign development aid.

The Pacific Index is an empirical device that measures how the 27 members of the OECD Development Assistance Committee perform in their commitment to Pacific development. The Pacific Index ranks rich country efforts in the Pacific though using seven key policy areas, or components.

Note that the Pacific Index indicates rich country **efforts** in supporting development in the Pacific. Put differently, it indicates rich country commitment to development in the Pacific. It is for this reason that in the aid, trade and migration components, flows relative to rich country GDP are used in the index design. Larger economies have a greater capacity to provide aid and to absorb imports and migrants.

The components measure rich country support for the Pacific Island countries in the following policy areas, each of which are crucial for growth and development.

### AID

Aid can be an important driver of economic growth. The Pacific Index measures the quantity of aid relative to donor country GNI, and thus reflects that donor country commitment to development assistance.

### TRADE

Fair and open access to markets in developed countries is crucial for developing countries. The Pacific Index uses an increasing function of rich country openness to developing country imports of foods and textiles and of the level of its imports from Pacific countries as a share of its GDP, weighted by the income per capita of the exporting country.

### FINANCE

The finance component rewards policies in rich countries that are likely to lead to productive investment and whether they support international agreements to control corruption.

### MIGRATION

Migration allows for remittances to flow back to developing countries, and allows skills gained abroad to reduce drain effects. This component rewards rich countries for the inflow of migrants from the Pacific relative to the GDP of the former, as well as their student and asylum seeker uptake.

### THE ENVIRONMENT

Given the high vulnerability of Pacific nations to environmental change, this component penalises countries for their harmful contribution to environmental change, and rewards them for being signatories to international treaties and conventions.

### SECURITY

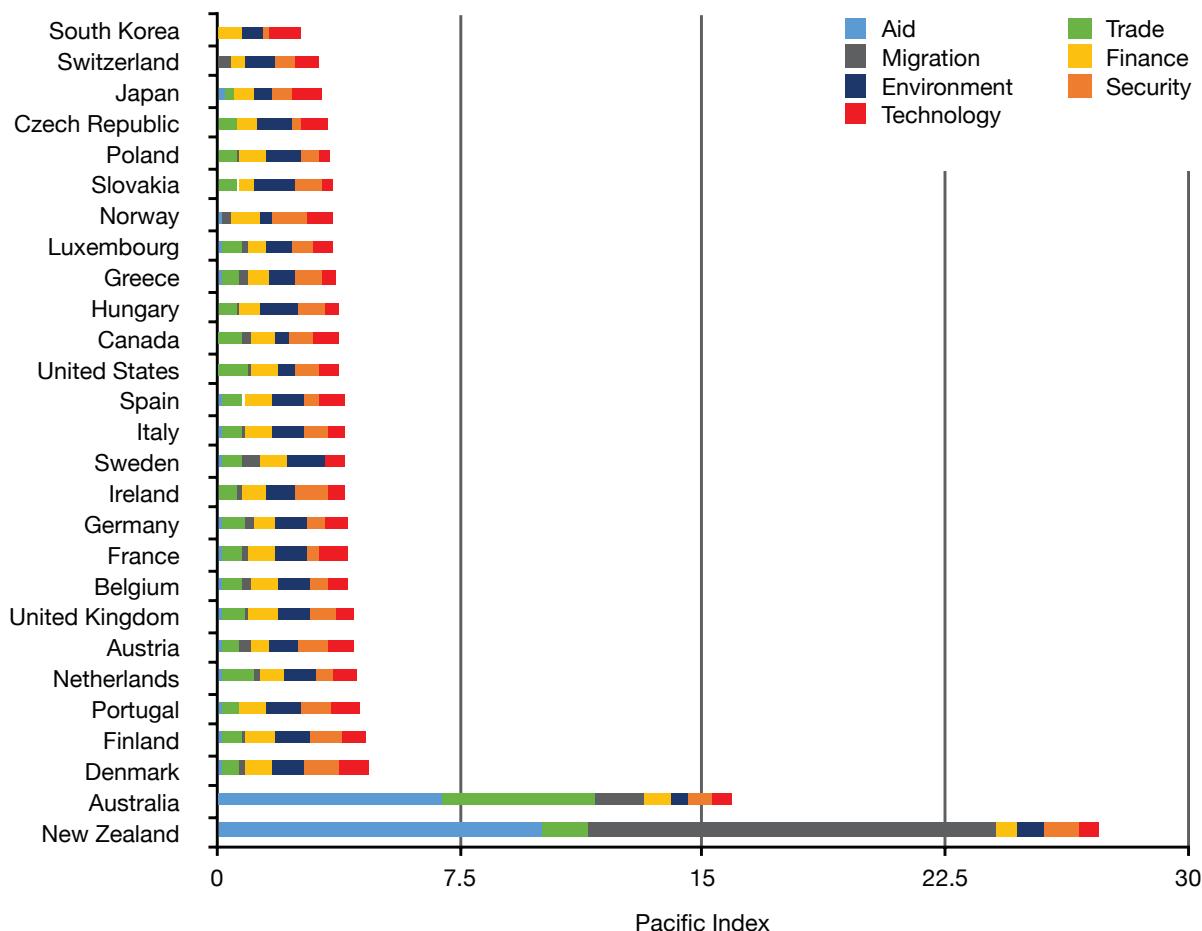
Development is hard to achieve in an insecure environment. The security component rewards countries for their financial contributions to peacekeeping operations and humanitarian interventions.

### TECHNOLOGY

This component rewards rich countries for the R&D expenditure and tax incentives for private R&D, and penalises patent protections and limitations.

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### THE PACIFIC INDEX 2014



The results show that New Zealand heads the Pacific Index 2014 league table, and by a large margin. New Zealand's index score is approaching twice that of Australia which demonstrates the second largest commitment. Proximity to the Pacific Island countries does not go hand in hand with relatively high commitment to their development as Japan and South Korea are at the opposite end of the league table, being ranked third last and last, respectively. New Zealand's ranking at the head of the league table is primarily due to its performance in the aid, migration and to the lesser extent, security components. It tops the rankings in the aid and migration components of the index, and is ranked second in the security component.

The 26 other OECD DAC countries need to look at New Zealand's performance, in particular the areas of policy that have put New Zealand in this position. In essence, New Zealand and to a lesser extent Australia, provide benchmarks for other rich countries to aspire towards. And New Zealand can of course do better. Japan and South Korea, of all rich countries under consideration, need to do far better.

The Pacific Index has been devised to show which rich countries are making the greatest effort to assist Pacific Island countries achieve higher levels of development, and which are making the least efforts. The results for policy advocacy and for a more integrated approach to development, and allows for benchmarking between donors for improvement of development efforts in the Pacific.

Enquiries regarding the index can be sent to [Pacific.Index@sustineo.com.au](mailto:Pacific.Index@sustineo.com.au)