

## **Do high renewable energy targets hinder donor-funded rural electrification in Pacific island countries?**

[https://doi.org/10.33318/jpacs.2019.39\(1\)-02](https://doi.org/10.33318/jpacs.2019.39(1)-02)

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### **Abstract**

High renewable energy targets and rural electrification are not necessarily complementary in Pacific island countries (PICs). While PICs need to tackle both high renewable energy targets for climate change and rural electrification for further development, investment in renewable energy in urban areas is a more cost-effective means of achieving renewable energy targets than rural electrification with renewables. In the energy sector in PICs, foreign aid is the single most important source of investment. Thus, this research will investigate donor-funding for energy projects, assess the extent to which the funding is focused on rural electrification, and examine whether the situation has changed over time in this region. A large share of the information about foreign aid for energy projects between 2013 and 2015 are extracted from a database of a think tank. All the energy projects are sorted into four categories: urban power supply, rural electrification, others, and unspecified projects. The results show that PICs are not only improving urban power supply but also enhancing rural electrification currently, and foreign aid for rural electrification has increased over time. This research also suggests policy recommendations for the donor and recipient governments, including data collection and analysis on electricity demand and energy consumption.

**Keywords:** development; foreign aid; Pacific island countries; renewable energy; rural electrification

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