

North Pacific Plan

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Contents

Purpose of this document	2
Country overview	3
Logic diagram for the North Pacific Plan	7
How we put this Plan into action	8
How we will assess progress against this Plan	10

Purpose of this document

The New Zealand Ministry of Foreign Affairs and Trade (MFAT) has developed this Plan to guide the planning and management of New Zealand's overall engagement in the North Pacific, and as a foundation for dialogue with partners and stakeholders.

The Plan is used to bring clarity to what work should be prioritised, and to help monitor progress towards shared outcomes and strategic goals.

This is a living document that will be reviewed with partners and updated periodically to ensure it responds to changes in country / regional context, including the impacts of any external shocks.

An integrated approach to Pacific engagement

New Zealand pursues an integrated approach to engagement with the North Pacific. We focus on coherence across our diplomatic, trade and economic, climate change, environment, security and development objectives to deliver sustainable progress in developing countries, and advance New Zealand's interests and values. As such, our development contribution (both policy and financial) is an integral pillar of our foreign policy – it reflects our network of international relationships and commitments, and is an expression of our values.



Country overview

Country context

Palau, the Federated States of Micronesia (FSM) and the Republic of Marshall Islands (RMI) are all sovereign, independent countries linked to the United States of America by a Compact of Free Association (COFA). COFA provides considerable economic support as well as visa free access to live, work and study in the US. Each COFA was renewed for a further twenty years in March 2024.

The North Pacific region is challenged by high population densities in urban areas, low productivity of agroecological systems, and remoteness which contributes to food, nutrition and water security challenges. This is particularly acute in FSM and RMI. Food and water security challenges are exacerbated in all three countries by climate change, including increased temperatures, rising sea level and more frequent and prolonged droughts. Changing global temperatures threaten to bring increased flooding and droughts and alter fish migration patterns, which may affect the economic resilience of the region.

For the purposes of this Plan, the three countries are referred to as the 'North Pacific', but it is important to recognise their differences:

Palau

Palau, a country of just under 18,000 people, is located at the Western edge of the Pacific and has one of the highest standards of living in the Pacific. While Palau's economy has developed significantly since its independence in 1994 (the World Bank upgraded its ranking of Palau to a high-income country in 2024), it remains vulnerable to external shocks. Like other Small Island Developing States, Palau has a narrow economic base. Funding provided by the United States under the COFA is a significant source of government revenue, and tourism contributes to roughly half of its GDP. Development partnerships are also central to support Palau's progress towards achieving the Sustainable Development Goals (SDGs). In addition to the US, Japan, Taiwan and Asian Development Bank are major donors to Palau. Australia has recently increased its presence and development programme with Palau including the establishment of an embassy in 2019.

Federated States of Micronesia

FSM is home to approximately 100,000 people, spread between four separately administered and geographically dispersed states (Yap, Chuuk, Kosrae, and Pohnpei). FSM's economy is narrowly based and remains highly vulnerable to external shocks. It has the 14th largest Exclusive Economic Zone in the world, and second largest in the Pacific (excluding Australia and New Zealand). In addition to the US (its most significant source of government revenue), key development partners include China, Japan and Australia. Fisheries' licensing fees are the largest source of domestic revenue, but performance of the sector is vulnerable to global tuna demand. Diversifying the economy to support greater resilience and equality is a priority for FSM.



Republic of Marshall Islands

RMI, with a population of approximately 55,000, is built almost entirely on low-lying atolls. Like other small island states, RMI has a limited resource base and relies heavily on international support, mostly in the form of grants. RMI has the third largest Exclusive Economic Zone in the Pacific (excluding Australia and New Zealand) and, excluding COFA funding from the United States, fisheries is its largest source of revenue. Over the past few decades RMI has experienced a clear trend of urban migration, with Majuro and Kwajalein atolls now home to around 75% of the total population. There is increasing disparity between incomes in the urban centres (driven by Government services and the Kwajalein missile base) and those in the outer islands, where subsistence fishing and farming remain central to daily life.

All three countries have identified climate change as their top priority and most existential threat. Palau, RMI and FSM are considered world leaders, regionally and globally, on fisheries, oceans and climate change issues. RMI is also focused on its own nuclear legacy, and globally on nuclear disarmament. Advocacy for strong and decisive global action is a foreign policy priority for all North Pacific governments.

New Zealand's partnership with the North Pacific

New Zealand's Consulate General in Honolulu is accredited as the non-resident Embassy to Palau, FSM and RMI. There is a dedicated position based in our Consulate in Honolulu focused on the North Pacific, which allows New Zealand to concentrate on the relationship and supports delivery of our expanded development programme.

New Zealand is committed to building deeper connections with countries across the Pacific, and we have made a concerted effort to expand our engagement with the North Pacific over the past few years. We have increased development funding allocated to Palau, FSM and RMI which has allowed new investments in renewable energy, fisheries, education, health, climate change resilience, oceans and food and water security. This is in addition to previous support provided to small-scale economic development activities and scholarships. Our aim is to support the North Pacific's development by contributing targeted assistance and expertise in priority areas.

As a fellow Pacific Island nation, we recognise the threat that climate change and marine pollution poses to the way of life of Pacific peoples. Protection of the oceans and marine resources are top priorities for these countries that have some of the largest Exclusive Economic Zones in the world. New Zealand is interested in strengthening regional solidarity to deliver on climate change ambitions, ensure the implementation of regional security declarations, and amplify Pacific voices on the world stage.

We work closely with Palau, FSM and RMI through our engagement in regional organisations including the Pacific Islands Forum Fisheries Agency, the Pacific Regional Environment Programme and the Pacific Association of Supreme Audit Institutions. We also partner with the North Pacific on initiatives at the UN and in other multilateral fora.

Although our development cooperation with the North Pacific is modest, New Zealand's relationships with the North Pacific are strengthened by our likeminded views on issues of key concerns to the region. New Zealand frequently collaborates with the North Pacific on climate change, nuclear issues (RMI), regional concerns, promotion of universal human rights and the value of international law.

New Zealand adopts a partnership approach to supporting humanitarian response and disaster management in the Pacific. While any major international response would be led by the US, given the COFA arrangements, New Zealand may be required to support in the later stages of a response if requested by a North Pacific Government. However, we recognise the value of investing in measures that reduce and manage the risks of disasters and increase resilience; and in helping countries to be better prepared for disasters through regional, bilateral and NGO partner initiatives.



Partner plans relevant to the relationship

Palau Development Plan 2023-2026¹

The Palau Development Plan 2023-2026 seeks to substantially enhance the quality of life of current and future generations of Palauans. It identifies the medium-term outcome of having well-established processes and programmes put in place by 2026 to: (i) progress the quality of social support; (ii) nourish Palauan culture and identity; (iii) maintain the environment and counter climate change; (iv) restore economic growth; and (v) strengthen governance in support of growth.

These goals are supported by five development pillars: social, cultural, environmental, economic, and governance.

Federated States of Micronesia Infrastructure Development Plan²

FSM's Infrastructure Development Plan FY2025-FY2034 (IDP) was approved by the FSM Congress in January 2025. It presents a 10-year roadmap for FSM's capital development needs to ensure that public infrastructure assets will meet the current and future demands of FSM, including transportation, energy, water and sanitation, and public facilities. The IDP guides government and development partners with a clear set of prioritised projects that meet the development needs of FSM citizens. The full IDP has yet not been published at the time of writing.

Republic of the Marshall Islands' National Strategic Plan³

RMI's National Strategic Plan 2020-2030 is built around five core pillars: social development; environment, climate change and resiliency; infrastructure; economic development; and good governance. The plan also identifies six cross-cutting issues: outer-island development; resilience; adaptation to sea level rise and climate change; nuclear justice; human development; and security.

¹ [Palau Development Plan 2023-2026](#)

² [Federated States of Micronesia Infrastructure Development Plan 2025-2034 | Pacific Regional Infrastructure Facility \(PRIF\)](#)

³ [Marshall Islands National Strategic Plan 2020-2030 | Republic of the Marshall Islands Environment Data Portal \(sprep.org\)](#)



Strategic framework for the North Pacific Plan

The IDC Priorities Framework 2024-27⁴ is a guiding document for the North Pacific Plan. It shows how the IDC Programme contributes to the Ministry's overall goals, as set out in the Ministry's Strategic Framework⁵, and articulates the priority outcomes that we aim to advance through the IDC Programme.

The North Pacific programme logic diagram, included on the next page, sets out our ambitions for our work with the North Pacific in alignment with the IDC Priorities Framework. It represents our integrated delivery across development, foreign policy, trade, and security and covers a total country view of our IDC investment, covering our core IDC programme, multi-country investments, NGO partnerships and scholarships.

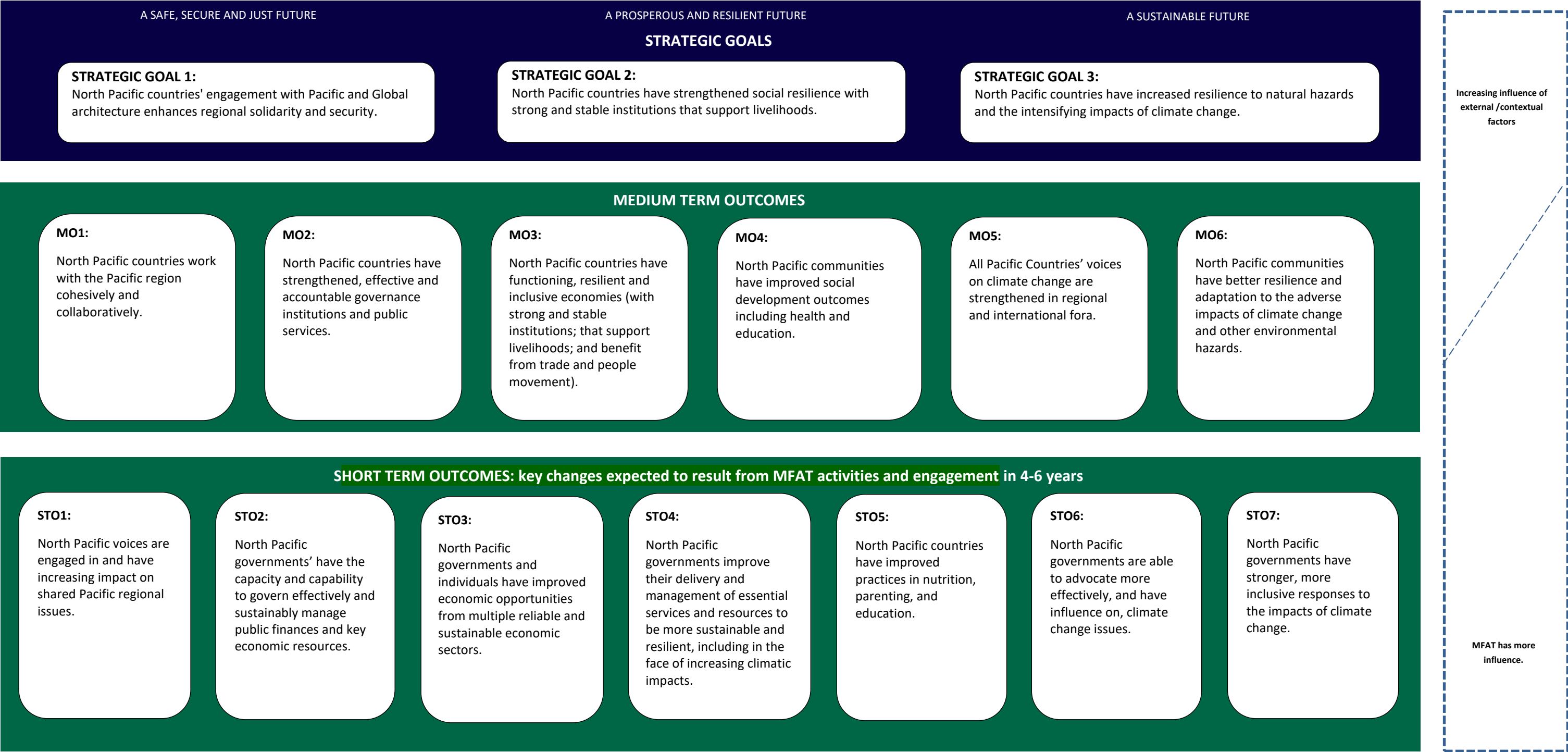
The logic diagram sets out how our strategic goals drive more specific medium-and short-term outcomes. New Zealand will work towards these outcomes in partnership with the North Pacific. The medium-term outcomes in the logic diagram describe our interests in more detail. The short-term outcomes cover our areas of particular immediate focus, rather than all the initiatives required to deliver these medium term outcomes.

⁴ <https://www.mfat.govt.nz/assets/Aid/Aid-General/IDC-Priorities-Framework-2024.pdf>

⁵ See: <https://www.mfat.govt.nz/assets/About-us-Corporate/MFAT-strategies-and-frameworks/Strategic-Intentions-2024-2028.pdf>



Logic diagram for the North Pacific Plan



How we put this Plan into action

New Zealand's IDC funding for this Plan is managed over a three-year period. There is flexibility to move funds into and between Plans to respond to rapidly changing contexts. Current information about New Zealand's overall International Development Cooperation budget for the current funding triennium is on the MFAT website.⁶

New Zealand's IDC funding for this Plan is modest, so our direction of effort is focused on prioritising face to face engagement and people-to-people connections with North Pacific countries, collaborating meaningfully within regional and international fora, and partnering with likeminded partners in the region to achieve the best outcomes for the North Pacific. While New Zealand will never be the biggest development partner in the region, our relationships and reputation remain a core tacit of our foreign diplomacy.

How we will work to deliver on this Plan

International Development Cooperation funding will be delivered to the North Pacific through the bilateral programme, multilateral and regional cooperation, civil society initiatives, partnerships, community-focused micro-projects, and tertiary and short-term scholarships.

New Zealand's International Cooperation for Effective Sustainable Development (ICESD) Policy⁷ identifies four development principles that guide New Zealand's work with partner countries and sets out a commitment to deliver development that is effective, inclusive, resilient and sustained.

- **Effective Development:** We will ensure that our development is effective by directing our funding toward activities that are a priority to North Pacific governments. We recognise that climate change has been identified as the number one issue for each country and will dedicate our efforts to reflect this. We will work with a range of partners including non-governmental organisations, civil society organisations and the private sector. Importantly, we will partner with and support North Pacific-led initiatives in regional and international institutions to enhance the North Pacific and Micronesian voice to effectively respond to regional priorities. We will prioritise partner-led initiatives and work to overcome barriers to regional participation.
- **Inclusive Development:** We will ensure that equity and inclusion is embedded in our work from the outset, with a focus on key populations such as women and girls; children and young people; national minorities; disabled persons; elderly persons; rural populations; and other marginalised groups. We recognise that climate change has significant differential impacts on marginalised populations that require thoughtful consideration of each groups' specific needs. We will draw on expertise from within and across New Zealand Government agencies and North Pacific local expertise and community groups to be best informed on how to respond to these needs. We will prioritise partner-led and indigenous approaches to climate resilience.
- **Resilient Development:** In the wake of COVID-19 supporting the North Pacific to be resilient to external shocks is a key priority. The additional challenges of climate change will put increased strain on the North

⁶ www.mfat.govt.nz/en/aid-and-development/our-approach-to-aid/where-our-funding-goes/our-planned-aid-expenditure/

⁷ See: <https://www.mfat.govt.nz/assets/Aid-Prog-docs/Policy/Policy-Statement-New-Zealands-International-Cooperation-for-Effective-Sustainable-Development-ICESD.pdf>



Pacific's already vulnerable economies. Improving financial management and governance systems is crucial to increase North Pacific resilience. We will utilise our programmes such as the Pacific Association of Supreme Audit Institutions and the Pacific Public Service Fale to achieve these goals.

- **Sustained Development:** We will engage with local experts and organisations to ensure that support meets local need and is tailored to the local context. We will work to develop local capacity and capability to effectively respond to issues as they arise.

Who we will work with to deliver on this Plan

New Zealand works with a range of partners in the North Pacific, including:

The Governments of Palau, FSM and RMI in the ways outlined in this Plan.

Working with New Zealand Government agencies (NZ Inc) increases New Zealand presence in the region and builds sustainable institutional linkages that support North Pacific development priorities. Key NZ Inc partners include Ministry of Justice, Ministry of Primary Industries, Ministry of Defence, New Zealand Defence Force, New Zealand Trade and Enterprise, Organised Crime Agency (Police), Customs, NZ Office of the Auditor-General, Public Service Commission, Electoral Commission, and Education New Zealand.

Pacific Regional agencies are avenues where development cooperation for North Pacific countries are supplemented. Examples include the Pacific Islands Forum, Multilateral Development Banks (MDBs), Pacific Financial Technical Assistance Centre (PFTAC), Secretariat of the Pacific Regional Environment Programme (SPREP), Pacific Community (SPC), Pacific-European Union Marine Partnership (PEUMP), Office of the Pacific Ocean Commissioner (OPOC), Pacific Justice Sector Programme (PJSP), Pacific Association of Supreme Audit Institutions (PASAI), Pacific Media Institute, Forum Fisheries Agency (FFA) and the University of the South Pacific (USP). MFAT's work with regional agencies in the Pacific is strong. New Zealand support for a strong regional architecture is of particular importance to provide a platform where Pacific voices can be consolidated and become a stronger, more unified voice.

Multilateral agencies are a key tool for countries where New Zealand has no resident diplomatic presence. Without a presence on the ground, they provide trusted partners to deliver development programming with good financial and reporting practices and provide insights into the operational context. Multilateral agencies are avenues in which development cooperation for North Pacific countries are supplemented. Key multilaterals we engage with in the North Pacific include UNICEF, UNFPA, WHO, UNFCCC, the International Fund for Agricultural Development, the World Bank and Asian Development Bank, UN Office on Drugs and Crime and UNESCO.

MFAT partners with NZ NGOs through the Partnering for Impact programme, which supports inclusive economic, social and environmental resilience, good governance and strengthening civil society. Through this approach, we partner with NZ NGOs and local civil society to use their experience, knowledge and reach to support delivery of locally-led solutions for people experiencing vulnerabilities. Separately, the New Zealand Consulate in Honolulu manages a small grants programme, the North Pacific Development Fund, which helps provide project-based support to a range of local NGOs and community groups across the three countries.

Tertiary and vocational education providers contribute to the delivery of the Manaaki New Zealand Scholarships programme, in long and short-term scholarships and in the Pacific Diplomatic Training Programme.

New Zealand is dwarfed by much larger donors in the North Pacific, especially in areas such as infrastructure, security and renewable energy. These needs are generally covered by the US, Japan and MDBs. Given our small diplomatic footprint, New Zealand's development programme is reliant on trusted third parties to implement interventions on our behalf. Building and maintaining these relationships, particularly with likeminded diplomatic missions, UN agencies and MDBs will remain important as we seek future opportunities to support the development of the three countries.



How we will assess progress against this Plan

The logic diagram sets out the strategic goals, medium-and short-term outcomes we hope will result from New Zealand's activities and engagement with the North Pacific.

We report back on progress towards our goals in the North Pacific via the annual Minister of Foreign Affairs Report on the IDC appropriation⁸. We also report back on this Plan to the Governments of RMI, FSM and Palau via High-Level Consultations and engagement with senior officials. This not only gives us an opportunity to discuss what has been achieved in partnership, but also to test whether our Plan remains fit-for-purpose or if we need to change anything.

Progress against the Plan will be assessed with the following indicators:

Strategic Goals	Indicators
Goal 1: North Pacific countries' engagement with Pacific and Global architecture enhances regional solidarity and security.	<ul style="list-style-type: none"> Evidence of strengthened and continued engagement by North Pacific countries with regional institutions.
Goal 2: North Pacific countries have strengthened social resilience with strong and stable institutions that support livelihoods.	<ul style="list-style-type: none"> SDG 1.2.1 - Proportion of population below national poverty lines (% of population) SDG 16.6.1 - Primary government expenditure as a proportion of original approved budget, by sector SDG 3.1.1 - Maternal mortality ratio SDG 2.2.1 - Proportion of children moderately or severely stunted (% of children under 5)
Goal 3: North Pacific countries have increased resilience to natural hazards and the intensifying impacts of climate change	<ul style="list-style-type: none"> ND-GAIN Vulnerability score

⁸ See <https://www.mfat.govt.nz/en/aid-and-development/our-approach-to-aid>



Short Term Outcome (STO)	Indicators
STO1: North Pacific voices are engaged in and have increasing impact on shared Pacific regional issues.	<ul style="list-style-type: none"> Evidence of strengthened and continued engagement by North Pacific countries with regional institutions.
STO2: North Pacific governments' have the capacity and capability to govern effectively and sustainably manage public finances and key economic resources.	<ul style="list-style-type: none"> World Governance Indicators (Government Effectiveness; Regulatory Quality) Number of people receiving training or capability-building support in governance (M/F)
STO3: North Pacific governments and individuals have improved economic opportunities from multiple reliable and sustainable economic sectors.	<ul style="list-style-type: none"> Number of people supported to improve their livelihoods (M/F) Evidence of countries remaining on track on their economic and public sector reform programme
STO4: North Pacific governments improve their delivery and management of essential services and resources to be more sustainable and resilient, including in the face of increasing climatic impacts.	<ul style="list-style-type: none"> Number of people receiving training or capability-building support in health (health workforce) (M/F) Number of people directly benefitting from activities which aim to increase access to sufficient and safe water and sanitation sources. Number of people benefitting from sexual and reproductive health services (M/F)
STO5: North Pacific countries have improved practices in nutrition, parenting, and education.	<ul style="list-style-type: none"> Number of caregivers trained to improve nutrition practices and parenting (disaggregated by gender) Evidence of increased awareness and knowledge on good practices in nutrition, parenting, and education. Number of people receiving training or capability-building support in education (education professionals)
STO6: North Pacific governments are able to advocate more effectively, and have influence on, climate change issues.	<ul style="list-style-type: none"> Number of people receiving training or capability-building support in climate change (M/F) Evidence of increased advocacy for climate priorities.
STO7: North Pacific governments have stronger responses to the impacts of climate change.	<ul style="list-style-type: none"> ND-GAIN Readiness score Number of people directly benefitting from activities that aim to increase resilience to climate change and environmental degradation (M/F)

The Plan will be evaluated approximately once every four years. The next strategic evaluation of the North Pacific Plan is expected to take place in 2025. The Ministry's forward strategic evaluation schedule is available on the website⁹.

⁹ See: <https://www.mfat.govt.nz/en/aid-and-development/our-approach-to-aid/evaluation-and-research>



For further information

New Zealand is represented in the Federated States of Micronesia, the Republic of Marshall Islands, and Palau by the Consulate-General in Honolulu, Hawaii. Contact details are available on the MFAT website¹⁰.

To find out more about New Zealand's engagement with Pacific Island countries also go to the MFAT website, at www.mfat.govt.nz/en/countries-and-regions/australia-and-pacific/.

This document is one in a series of Plans published by the New Zealand Ministry of Foreign Affairs and Trade (MFAT) and managed by the Ministry's Pacific and Development Group. For the latest version please go to www.mfat.govt.nz

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¹⁰ <http://www.mfat.govt.nz/en/countries-and-regions/>

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¹² <https://www.legislation.govt.nz/act/public/1981/0047/latest/DLM51358.html>

