

# The Pacific Department's Regional Cooperation and Integration Agenda

Strategic approach and programmatic priorities



Presentation for the  
ADB Seminar on Regional Cooperation and Integration (RCI)  
Knowledge and Priorities  
7 September 2012

ADB

- PARD's RCI operational priorities are guided by:
  - ✓ ADB'S Strategy 2020
  - ✓ The Pacific Plan (2005)
  - ✓ Pacific Approach: 2010–2014
  - ✓ Regional operations business plan, which spells out RCI activities for the 2013–15 period.



## The Pacific's unique environment shapes RCI efforts

- Large ocean joining widely dispersed countries across the Pacific
  - ✓ Relative isolation of countries in the region, but shared interests, and cultural and colonial ties
  - ✓ Fragile region: remoteness, narrow resource bases, prone to natural calamities
- Relatively costly to communicate, provide energy, and transport goods and people in the region
  - ✓ But, high dependence on international trade

# The Pacific's unique environment shapes RCI efforts

- Low long run growth rates
  - ✓ Average growth of only about 1% per annum over the past decade, far less than population growth
  - ✓ RCI core to efforts to spur Pacific growth by enabling countries to access economies of scale and share knowledge
  - ✓ Constrained private sector opportunities in the non-resource rich Pacific
    - Limited complementarities or comparative advantages
    - Challenging business environments
- Conditions of Pacific economies unique and relatively under-studied
  - ✓ Highlights importance of knowledge sharing and supporting regional institutions

# Pacific Department's Approach to RCI

- Distinct face of regionalism in the Pacific
  - ✓ Long standing cooperation within the region (40 + years)
  - ✓ Relatively low level of integration
  - ✓ Infrastructure and knowledge sharing focus
  - ✓ Shared challenge to adapt to climate change
- But, economic and technological change generating...
  - New opportunities
  - Rising benefits and interest in RCI



- While conditions in the Pacific make enhancing RCI challenging, RCI advances in the region offer...
  - ✓ Yield high economic returns
  - ✓ Are vital to enabling countries in the region to efficiently address shared challenges



# Pacific RCI project portfolio since 2000

Approval No.	Country	Project Name	OCR	ADF Loan/Grant	Others	Cofinancier	Total Amount	Year of Approval
1754	PNG	Rehabilitation of the Maritime Navigation Aids	20.6	-	-	-	20.6	2000
1902	FIJ	Fiji Ports Development Project	16.8	-	8.5	CB-Intl	25.3	2002
1925	PNG	Coastal Fisheries Management and Development	-	5.7	-		5.7	2002
1948	RMI	Outer Island Transport Infrastructure	-	7.0	-		7.0	2002
1921	TUV	Maritime Training Project	-	1.8	-		1.8	2002
2079	PNG	Community Water Transport Project	-	19.0	4.0	OFID	23.0	2004
2088	TUV	Maritime Training Project (supplementary loan)	-	2.0	-		2.0	2004
2183	REG	Establishment of the Pacific Aviation Safety Office	-	1.5	-		1.5	2005
9113	PNG	Lae Port Livelihood and Social Improvement Project	-	-	1.5	JFPR	1.5	2007
102	PNG	Lae Port Development Project: Mobilizing the Private Sector to Respond to Gender and HIV/AIDS	-	-	0.8	H/ AI (Coop. Fund for Fighting HIV/AIDS)	0.8	2007
2398/2399	PNG	Lae Port Development Project	60.0	40.0	6.0	OFID	106.0	2007
2472/2473	COO	Avatiu Port Development Project	8.6	6.9	-		15.5	2008
127	SOL	Domestic Maritime Support (Sector)	-	14.0	5.3	EC	19.3	2008
2591	PNG	Pilot Border Trade and Investment Development	-	25.0	-		25.0	2009
2590	PNG	Civil Aviation Development Investment Program (1)	25.0	70.0	-		95.0	2009
2739	COO	Avatiu Port Development Project (supplementary)	4.7	-	0.8	CCF	5.5	2011
2803/2804	PNG	Lae Port Development Project (additional financing)	85.0	4.1	-		89.1	2011
0256	TON	Tonga-Fiji Submarine Cable Project	-	9.7	16.5	IDA	26.2	2011
2820	VAN	Interisland Shipping Support Project	-	10.8	12.6	NZAID	23.4	2011
Totals			220.7	217.5	55.9		494.2	

# PARD's RCI-related projects and programs (2013-15)

- Lending for RCI related projects is expected to average \$85 million annually
  - ✓ Projects to develop the Pacific region's transport & ICT infrastructure, human capital development
    - Reliance on regional ADF and cofinancing
  - ✓ Program loans also embrace RCI goal
- Regional TA is anticipated to average \$18.0 million annually
  - ✓ Over half of this cost to be covered by cofinancing

# PARD RCI Lending Pipeline (2013–2015)

Year	DMC	Project Name	ADB Source			Indicat. Cofinan.
			OCR Loan	ADF Loan	Total (ADF + OCR)	
2013	FSM	Pohnpei Port Development	7.00	5.00	12.00	
2013	PNG	Civil Aviation Development Investment Program (MFF, Tranche 2)	65.00	15.00	80.00	30.00
2013	REG	Micronesian Fibre Optic Cable (FSM and PAL)	12.00	-	12.00	25.00
2013	REG	High Education in the Pacific Investment Program (MFF, Tranche 2)	-	13.55	13.55	
2013	VAN	Information and Communication Technology Project	-	7.00	7.00	17.00
2014	REG	High Education in the Pacific Investment Program (MFF, Tranche 3)	-	2.85	2.85	
2014	SAM	Samoa Submarine Cable	-	22.50	22.50	
2014	TIM	International Port Development Project	25.00	-	25.00	
2015	PNG	Civil Aviation Development Investment Program (MFF, Tranche 3)	40.00	40.00	80.00	
Totals			149.00	105.90	254.90	72.00

# Nonlending (TA) Program for RCI—Areas of focus

- Strengthening of core government function
  - ✓ provision of basic services
  - ✓ policy formulation
  - ✓ financial management
  - ✓ public sector management
- Support for regional bodies
  - ✓ Pacific Regional Audit Initiative
  - ✓ Pacific Financial Technical Assistance Centre
- Enhancement of regional common services (e.g., statistics, economic policy advice)



❖ SEE DETAILED LIST OF NONLENDING PIPELINE

# PARD–RCI knowledge products—Highlights

- A Different Kind of Voyage: Development and Dependence in the Pacific Islands (1998)
- A Pacific Strategy for the New Millennium (2000)
- ADB's Pacific Approach 2010–2014 (2009)
- Coral Triangle Initiative Information Update No. 1
- Oceanic Voyages: Aviation and Shipping in the Pacific Region (2007)
- Oceanic Voyages: Aviation in the Pacific (2007)
- Oceanic Voyages: Shipping in the Pacific (2007)
- Pacific Economic Monitor (3 times annually since Feb 2009)
- Pacific Trade Issues (2008)
- While Stocks Last: The Live Reef Food Fish Trade (2003)
- Navigating the Global Storm: A Policy Brief on the Global Economic Crisis (2008)
- Responding to the Priorities of the Poor: A Pacific Strategy for the Asian Development Bank 2005–2009 (2004)
- Swimming Against the Tide: An Assessment of the Private Sector in the Pacific (2004)
- Taking the Helm: A Policy Brief on a Response to the Global Economic Crisis (2009)
- Toward a New Pacific Regionalism (2005)
- Working in Fragile Environments: A Midterm Review of the Pacific Strategy (2005–2009) (2008)

*Thank You*

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# Nonlending products and services

2012

				Sources of Funding						
				ADB		Others				
						Amount (\$'000)		Amount (\$'000)		Total (\$'000)
Assistance Name		Sector	Division	Assistance Type		Source		Source		
Enhancing Engagement with Pacific Developing Member Countries, Phase 2		PSM	PAOD	R-CDTA			0	AUSG	2,016	2,016
Public Sector Management		PSM	PAOD	R-CDTA		TASF	300	AUSG	2,800	3,100
Strengthening Sector Planning in the Pacific		MUL	PAOD	R-PATA		TASF	700			700
Strengthening Climate Risk and Resilience Capacity of Pacific Developing Member Countries, Phase 1		WSM	PATE	R-CDTA				SCF1	195	195
Strengthening Climate Risk and Resilience Capacity in Urban Development in the Pacific		MUL	PATE	R-CDTA		Trust Fund	650		0	650
Establishment of the Pacific Infrastructure Advisory Center (additional financing)		MUL	PATE	R-PATA			0	AUSG	1,500	1,500
Enhancing ADB's Engagement in Fragile and Conflict Affected Situations		PSM	PAUS	R-CDTA		TASF	800		0	800
Results-Based Project Management for Pacific Developing Member Countries, Phase 2		PSM	PAUS	R-CDTA			0	AUSG	1,000	1,000
Quality Primary Education in the Pacific		EDU	PAUS	R-CDTA		Trust Fund	1,350		0	1,350
Good Budget Management in the Pacific		PSM	SPSO	ETSW		IAE				
Pacific Energy Update		ENE	PATE	ETSW		IAE				
Public Enterprise Reform in Small States		PSM	SPSO	ETSW		IAE				
Total							3,800		7,511	11,311

# Nonlending products and services

Assistance Name	Sector	Division	Assistance Type	Sources of Funding				
				ADB		Others		Total (\$'000)
				Source	Amount (\$'000)	Source	Amount (\$'000)	
2013								
Pacific Private Sector Development Initiative, Phase III	MUL	PLCO	R-PATA	TASF Trust Fund	2,000 3,000	AusAID/NZ L	15,000	20,000
Pacific Infrastructure Advisory Center, Phase 2	MUL	PATE	R-PATA		0	AusAID	7,500	7,500
Implementing the Pacific Regional Audit Initiative in Pacific Island Countries	PSM	PAUS	R-CDTA	Trust Fund	1,300		0	1,300
Strengthening Social Protection Systems in the Pacific	HSP	PAUS	R-CDTA	Trust Fund	1,200		0	1,200
Strengthening Public Financial Management in PDMCs	PSM	PAUS	R-CDTA		0	TBD	1,000	1,000
Support on a Skills Strategy and Labor Market Analysis for the Pacific	EDU	PAUS	R-CDTA		0	TBD	1,000	1,000
ICT for Better Social Services in the Pacific	TCT	PAUS	R-CDTA		0	TBD	1,500	1,500
Transport Connectivity for Trade and Inclusive Growth	TCT	PATE	R-PATA	TASF	1,500		0	1,500
Developing Economic Linkages to Support Inclusive Growth	MUL	PAOD	RDTA	Trust Fund	1,500			
Pacific Energy Update	ENE	PATE	ETSW	IAE				
Pacific Water Update	WSM	PATE	ETSW	IAE				
Pacific Transport Update	TCT	PATE	ETSW	IAE				
Labor-Based Approaches in Infrastructure	MUL	PATE	ETSW	IAE				
Strengthening Country Safeguards Systems in the Pacific	MUL	PATE	ETSW	IAE				
Youth Employment and Sustainable Development in the Pacific	SOD	PAUS	ETSW	IAE				
Total					9,000		18,500	35,000

# Nonlending products and services

Assistance Name	Sector	Division	Assistance Type	Sources of Funding				
				ADB	Others			
				Source	Amount (\$'000)	Source	Amount (\$'000)	Total (\$'000)
<b>2014</b>								
Promoting Evidence-Based Policy Making for Gender Equity in the Pacific, Phase II	HSP	PAUS	R-CDTA	TASF	1,000	TBD	300	1,300
Building Capacity for Statistics in the Pacific, Phase II	PSM	PAUS	R-CDTA	Trust Fund	1,000		0	1,000
Pacific Financial Technical Assistance Center 2015–2018	PSM	PAUS	R-CDTA	TASF	1,500		0	1,500
Strengthening Regulatory Capacity for ICT Development in the Pacific, Phase II	TCT	PAUS	R-CDTA	Trust Fund	800		0	800
Enhanced Engagement in PDMCs, Phase 3	PSM	PAOD	R-CDTA	TASF	1,500	TBD	1,000	2,500
Pacific Economic Management, Subprogram 3	PSM	PAOD	R-CDTA	TASF	500	TBD	2,000	2,500
Solid Waste Management	WSM	PAUS	RDTA	TASF	800		0	800
Pacific Energy Update	ENE	PATE	ETSW	IAE				
Pacific Water Update	WSM	PATE	ETSW	IAE				
Pacific Transport Update	TCT	PATE	ETSW	IAE				
Climate Change Proofing for Infrastructure Projects	MUL	PATE	ETSW	IAE				
Impacts of Interisland Shipping	TCT	PATE	ETSW	IAE				
Economic and Financial Impacts of Diesel Substitution by Coconut Oil on Pacific Island Economies	ENE	PATE	ETSW	IAE				
<b>Total</b>					<b>7,100</b>		<b>3,300</b>	<b>10,400</b>

# Nonlending products and services

Assistance Name	Sector	Division	Assistance Type	Sources of Funding		Amount (\$'000)	Source	Amount (\$'000)	Total (\$'000)
				ADB	Others				
2015				Source					
Public Sector Management, Phase II	PSM	PAUS	R-CDTA			0	TBD	8,000	8,000
Enhancing ADB's Engagement in Fragile and Conflict Affected Situations	PSM	PAUS	R-CDTA	TASF		800		0	800
ICT for Better Social Services in the Pacific	TCT	PAUS	R-CDTA	TASF		500	TBD	1,500	2,000
Quality Education in the North Pacific, Phase 2	EDU	PAUS	R-CDTA	Trust Fund		1,350		0	1,350
Pacific Economic and Social Analysis	MUL	PAOD	RDTA	TASF		1,000		0	1,000
Strengthening the Capacity of Pacific DMCs to Respond to Climate Change, Phase II (additional financing)	MUL	PATE	R-CDTA	TASF		1,000		0	1,000
Pacific Aviation Safety Office, Phase 2	TCT	PATE	R-CDTA	TASF		1,500		0	1,500
Adaptation to Climate Change in the Coral Triangle Initiative in the Pacific	ANR	PATE	R-CDTA	TASF		1,000		0	1,000
Increasing Access to Renewable Energy	ENE	PATE	R-PATA	TASF		1,000		0	1,000
Pacific Energy Update	ENE	PATE	ETSW	IAE					
Pacific Water Update	WSM	PATE	ETSW	IAE					
Pacific Transport Update	TCT	PATE	ETSW	IAE					
Pacific Public Sector Management Update	PSM	PAUS	ETSW	IAE					
Developing Small Ports in the Pacific: Relevant Performance Indicators and Lessons Learned	TCT	PATE	ETSW	IAE					
<b>Total</b>						<b>6,650</b>		<b>9,500</b>	<b>17,650</b>

ANR = agriculture and natural resources; ADB = Asian Development Bank; CDTA = capacity development technical assistance; EDU = education; ENE = energy; ETSW = economic, thematic, and sector work; HSP = health and social protection; MUL = multisector; PATA = policy and advisory technical assistance; PAOD = Office of the Director General, Pacific Department; PATA = policy and advisory technical assistance; PATE = Pacific Transport, Energy, and Natural Resources Division; PAUS = Pacific Urban, Social Development and Public Management Division; PSM = public sector management; RDTA = research and development technical assistance; TASF = Technical Assistance Special Fund; TCT = transport and information and communication technology; WSM = water supply and other municipal infrastructure and services.

**ADB**