

TECHNICAL ASSISTANCE COMPLETION REPORT

Division: PAOD

TA No. and Name: TA 6226-REG: Developing and Implementing the Pacific Plan for Strengthening Regional Cooperation and Integration			Amount Approved: \$500,000		
			Revised Amount: -		
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Date			Completion Date		
Approval 23 Dec 2004	Signing 08 Mar 2005	Fielding of Consultants February 2005	Original 15 Nov 2005	Actual 31 May 2006	
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Description

Recognizing the limits to development imposed by their smallness and remoteness, Pacific island countries (PICs) have a long history of regional cooperation, supported by an extensive network of regional and subregional organizations. However, in recent years Pacific regionalism has failed to progress and deepen in line with trends elsewhere (e.g., East Asia). Ownership and commitment to regional initiatives have been weak. Nor had there been any analysis of the issues and constraints for deeper regionalism or assessment of the highest priority opportunities for regionalism to address the development needs of the Pacific. So the agreement of Pacific Islands Forum leaders (of ADB's DMCs plus Niue, Australia and New Zealand) in 2004 to formulate a Pacific Plan for strengthening regional cooperation and integration presented an important opportunity to reinvigorate Pacific regionalism in support of the newly declared goals of the Forum: economic growth, social development, good governance and security.

ADB recognized the opportunity provided by this new initiative. The purpose of this regional technical assistance (TA) therefore was to assist our DMCs and the Pacific Islands Forum Secretariat (PIFS—which played a secretariat role for Pacific Plan formulation) to develop a plan which would deliver the greatest benefits to the people of the Pacific and have good prospects of being implemented.

Objectives and Scope

The TA aimed to directly and indirectly support 13 ADB Pacific DMCs that are members of the Pacific Islands Forum (Timor-Leste is the exception). The Executing Agency (EA) was PIFS, which was to support a Pacific Plan Taskforce of PIC senior officials in preparing the Pacific Plan. At the request of PIFS, the TA was conducted as a joint exercise with the Commonwealth Secretariat – which had expressed a similar interest to support Pacific Plan formulation.

The first proposed output was: enhanced capacity of the members of the Pacific Plan Taskforce to recommend a Pacific Plan underpinned by a clear rationale, including an analytic framework for cost-benefit analysis of options for initiatives under the Plan. (In fact, the Taskforce played a lesser role than envisaged, and the main focus for support was the unit within PIFS with carriage of the Secretariat (and, it turned out, writing) function. Activities under this output were to assemble a project consultant team and to provide policy and technical support to PIFS and the Taskforce toward preparation of the report.

The second proposed output was: increased PDMC capacity to analyze the Pacific Plan recommendations and to frame appropriate responses and follow-up action, based on improved understanding of the costs and benefits of various regional programs. Activities under this output included a series of seminars for PDMCs, publication and dissemination of a report on enhancing Pacific regionalism for use as a practical reference tool for PDMC officials and, with a longer term view in mind, design of an academic course on Pacific regionalism, to be introduced at the University of the South Pacific (USP).

Evaluation of Inputs

Five consultants were recruited by ADB as individuals for the TA: a Regional Integration Specialist/Economist-Team Leader (International, 2 person months, from Commonwealth Secretariat, nominated by PIFS), a specialist in Cost-Benefit Analysis of Regional Integration (International, 2 person-months), a Communications Specialist (International, 3 person months, recommended by PIFS), a Capacity Development Specialist (International, 3 person months, nominated by University of the South Pacific), and a Project Assistant (Domestic, 6 person months, recommended by PIFS). In addition, the Commonwealth Secretariat provided a full-time consultant economist for 4 months in support of the project, and funds for a high-level seminar.

ADB performance was satisfactory and TA inputs were delivered in a timely manner. ADB and Commonwealth Secretariat were able to provide high quality policy advice and produce a high quality and highly relevant report. The consultants working on this component of the TA were highly capable and had a good grasp of the conceptual issues. However, short-term TA inputs on capacity development and external communications were of limited effectiveness, and those two consultant inputs were rated 'marginal' in their effectiveness, due in part to weak consultant performance and also due to limited PIFS capacity and priority attached to these tasks. Other consultant inputs were rated 'satisfactory'.

Other inputs provided through funds advanced to PIFS covered the cost of public information programs, conduct of seminars and for sub-contracting sort term inputs for specific cost-benefit studies. Funds for seminars and public information programs were under-utilized, due to a combination of limited demand from Pacific countries, limited PIFS capacity to advance these objectives and the marginal performance of the relevant consultants (noted above). Conversely the budget for short-term consultancies was heavily utilized, and done to good effect, with approximately 15 cost-benefit studies (admittedly of mixed quality and usefulness) completed with limited time and a small budget. Overall, PIFS performance as EA was satisfactory.

Evaluation of Outputs

The main outputs of the TA were:

- (i) *enhanced capacity of the members of the PPTF to recommend a Pacific Plan underpinned by a clear rationale, including an analytical framework for cost-benefit analysis (CBA) of regional options.* A sound analytical framework was developed, and was extended to include an examination of the political and economic constraints to progressing the Pacific Plan and recommendations on how to overcome those constraints. Fifteen CBAs of past and possible future initiatives (of varying format and quality) were completed. Many of the CBAs led to adoption of the initiative in the Action Plan for the Pacific Plan. This work has been documented in the ADB/Commonwealth Secretariat publication 'Toward a New Pacific Regionalism'. Nevertheless, this process had limited interaction with the Taskforce (whose role was diminished) and for this reason the analytic work affects the text more than the actual Action Plan of the Pacific Plan – which we assess as being too diffuse and insufficiently prioritized to deliver and to maximize the benefits from Pacific regionalism. Nevertheless, new analytic ground has been broken, and the Pacific Plan will be regularly reviewed, so this work may also have longer term impact by supporting ongoing consideration of options for Pacific regionalism.
- (ii) *increased PDMC capacity to analyze the Pacific Plan recommendations and frame appropriate responses and follow-up action, based on improved understanding of the costs and benefits of regional programs and options.* Support was provided to country consultations on the Pacific Plan, although these were not comprehensive processes. Five further seminars for tailored audiences were conducted. Communications Plan activities did not meet expectations due to shortcomings in both PIFS and consultant performance. PDMC capacity in this area is very weak, and significant further effort is required to address this weakness. This is identified as a priority under the Pacific Plan, and ADB support for this objective is proposed through a follow-up TA.

In practice, the publication "Toward a New Pacific Regionalism," designed for use as practical reference tool for government officials and Pacific regional institutions to assess regional cooperation and integration issues, has been the most significant achievement of the TA. It breaks new ground, is comprehensive in scope and has the potential to be influence in policy-making circles. Further effort on dissemination will be necessary however. A planned follow on TA supporting integration of regionalism into national level planning processes has the potential to be a vehicle for this further dissemination.

The study program on Pacific regionalism at the USP commenced in August 2005, and was well received. It is now in the hands of USP to sustain this initiative.

Overall Assessment and Rating

Successful. The publication is considered to be potentially highly successful. However it and the development of national capacity to assess the costs and benefits of regionalism require further attention to dissemination if the gains of the TA are to be sustained.

Major Lessons Learned

The main messages from the publication provide useful guidance for all ADB regional cooperation activities in the Pacific (and possibly elsewhere):

1. This study argues that an appropriate approach to addressing the 4 pillars for the Pacific Plan is to consider *good governance* and *the creation of economic growth* the highest priorities and necessary prerequisites for achieving the Forum's security and sustainable development objectives.
2. A Pacific regionalism that speaks to Pacific needs must focus on easing capacity constraints for governments through increased regional provision of services, and on creating economic opportunity for Pacific citizens through increased regional market integration. For market integration, Australia and New Zealand must become meaningful partners with the Forum island countries. Specific benefits from recommended initiatives include strengthening economic management and accountability; lowering cost and more effective regional transport and communications markets; and creating regional employment opportunities.
3. Varied approaches and subregional groupings will be appropriate for meeting different specific objectives for regionalism.
4. Given the likely national political economy barriers to the creation of a new Pacific regionalism (especially in regard to strengthening governance), a binding instrument based on mutual obligation and involving trade, aid, and governance commitments is suggested. This would reinforce the vision of Pacific leaders, and allow all Forum members to benefit from a new Pacific regionalism, resulting in significant gains for the people of the Pacific.

Lessons were also learned at a more practical level about working with two key Pacific Regional Organizations: PIFS and USP. PIFS was not able to bring the expected level of capacity to managing a major task like this, in part because it took too much of a 'business as usual' approach rather than substantially reorienting the entire organization. Specifically, its decision to rely on Taskforce members to organize country consultations and to play a 'back-seat' role proved unwise. It also paid too little attention to information dissemination.

Four of the five consultants were recruited on the basis of advice from PIFS and USP. This was done on the basis that they were closest to the action, knew the requirements and knew the people. In two cases this proved to be a mistake as consultant performance was marginal. The lesson is to work as closely as possible with the regional organizations to assess requirements and consultant attributes. However, I still believe it is wise to keep the Pacific regional organizations in the drivers seat if they are to be EAs for ADB TAs.

Recommendations and Follow-Up Actions

ADB views the Pacific Plan as an important document which signifies intent to strengthen regional cooperation in the Pacific. However, prospects for the effective implementation of an appropriately formulated and comprehensive Pacific Plan remain uncertain. Many of the preconditions for effective strategy implementation— breadth and depth of understanding, participation, ownership, agreement on a clear framework, shared commitment— are weak at country-level and, to a lesser degree, even at the level of existing regional organizations. The Pacific Plan is a top-down (political) initiative, and officials have not yet taken full ownership of the process. Nor is public commitment sufficiently deep yet. In addition, PIFS lacks the capacity to provide significant support for building ownership within the region.

Therefore, another TA, *Support for Implementing the Pacific Plan*, for \$1.0 million, is being processed by PARD this year as part of its regional cooperation strategy and program. It should focus most of its attention to better informing the people and officials of the Pacific about the considerations, costs and benefits of regionalism, and on building capacity to consider and implement agreed regional programs. Such a focus will support the empowering of Pacific Islanders to take responsibility for driving enhanced Pacific regionalism.

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