



Regional Operations Business Plan

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Pacific
2016–2018

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Asian Development Bank

ABBREVIATIONS

ADB	–	Asian Development Bank
DMC	–	developing member country
ICT	–	information and communication technology
TA	–	technical assistance

NOTE

In this report, “\$” refers to US dollars unless otherwise stated.

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I. CONSISTENCY OF THE BUSINESS PLAN WITH THE PACIFIC APPROACH

1. The Asian Development Bank's (ADB) regional assistance in the Pacific is guided by the principles in the Pacific Approach, 2010–2014, which was extended under the Interim Pacific Approach, 2015.¹ A new Pacific approach for 2016–2020 is being prepared. The implementation review of the Pacific Approach, 2010–2014 highlighted three strategic directions to guide ADB's work in the Pacific. ADB's interventions should help to (i) reduce the high cost of doing business and providing services in the Pacific by improving connectivity, lowering energy costs, and creating a more conducive business environment; (ii) develop country capacity to manage risks from economic shocks, natural disasters, and climate change by promoting sound public sector management and increasing resilience to climate change and natural hazards; and (iii) promote the creation of high value-added goods and services that can be competitive despite the inherent disadvantages facing the Pacific.² ADB's regional assistance in the Pacific addresses these strategic directions.

2. Regional assistance in the Pacific includes interventions with clear regional cooperation and integration outcomes that promote regional connectivity or regional public goods, as well as activities that are common across countries and are processed together for administrative ease and cost effectiveness. Given the geography in the Pacific, some regional connectivity work, such as information communication and technology (ICT) and ports, is conducted through individual country programs, while assistance that supports regional public goods (University of South Pacific, audit, Pacific Aviation Safety Office) is included in the regional operations business plan. These activities include several flagship regional technical assistance (TA) projects—the Private Sector Development Initiative, the Pacific Economic Management, the Pacific Region Infrastructure Facility, and the Pacific Business Investment Facility.³

3. ADB's regional assistance in the Pacific continues ongoing assistance, while also evolving to respond to the region's needs. In 2014, Pacific leaders endorsed the Pacific Island Forum's Framework for Pacific Regionalism to allow for greater political guidance and a clear prioritization process for regional activities.⁴ The framework established a process for identifying and implementing regional priorities. At the 2015 meeting of the Pacific Islands Forum Leaders, leaders pledged a renewed commitment to accelerate the Pacific regional integration and cooperation agenda, with a focus on several key areas including climate change, fisheries, and ICT delivery.⁵ In some cases, ADB's work is already aligned with these priorities. The ongoing ICT TA project will be expanded to provide additional technical support for feasibility assessments and project preparation, and to facilitate sector assessment and planning. ADB will conduct knowledge work to determine how support can be designed to assist Pacific

¹ ADB. 2009. *ADB's Pacific Approach, 2010–2014*. Manila.

² ADB. 2014. *Pacific Approach, 2010–2014, Implementation Review*. Manila.

³ ADB. 2006. *Regional Technical Assistance for the Pacific Private Sector Development Initiative*. Manila; ADB. 2009. *Regional Technical Assistance for Pacific Economic Management*. Manila; ADB. 2013. *Regional Technical Assistance for the Establishment of the Pacific Region Infrastructure Facility Coordination Office*. Manila; and ADB. 2014. *Regional Technical Assistance for the Pacific Business Investment Facility*. Manila.

⁴ Pacific Islands Forum Secretariat. 2014. *The Framework for Pacific Regionalism*. Koror, Palau (available from the list of linked documents in Appendix 2) sets four strategic objectives for the region, which closely align with ADB's strategic interests: (i) economic growth that is sustainable, inclusive, and pro-poor; (ii) sustainable development that combines economic, social, and cultural development in ways that improve livelihoods and well-being, and conserve the environment; (iii) good governance for transparent, accountable, and equitable management of all resources; and (iv) security to ensure stable and safe human and political conditions for all.

⁵ *Forty-Sixth Pacific Islands Forum Communique*, September 2015. <http://pidp.eastwestcenter.org/pireport/2015/September/pif-comm.htm>

developing member countries (DMCs) increase revenues from fisheries while maintaining their sustainability. The updated results framework is in Appendix 1 and the list of linked documents is in Appendix 2.

II. INDICATIVE RESOURCE PARAMETERS

4. **Lending program.** The regional program is currently expected to total \$91.40 million during 2016–2018 (Appendix 3, Table A3.1). Cofinancing and funding from other sources, including the Asian Development Fund's subregional pool, will be actively explored in consultation with the governments.

5. **Nonlending program.** Regional TA is expected to total \$19.34 million during 2016–2018, with at least 20% from cofinancing (Appendix 3, Table A3.2). The nonlending program emphasizes building linkages to facilitate heightened economic growth. It also focuses on efficiency gains to be achieved through joint regional approaches to issues in key sectors. Support will be continued through ongoing flagship TA projects (para. 2).

6. To minimize capacity demands on governments, ADB will seek to collaborate with other development partners in implementing the lending and nonlending program, and will seek cofinancing to bring additional resources to the Pacific. ADB's Trade Finance Program has expanded into the Pacific, and will be active during 2016–2018.

III. SUMMARY OF CHANGES TO LENDING AND NONLENDING PROGRAMS

7. The key adjustments to the lending and TA program include the following (Appendix 3, Table A3.1 and A3.2).

- (i) **Combination of multitranche financing facility tranches.** Higher Education in the Pacific Investment Program Tranches 2 and 3 will be combined to streamline implementation.
- (ii) **One project and three TAs moved.** Higher Education in the Pacific Investment Project (2017 to 2018), Pacific Economic Management, Phase 2 (additional financing) (2015 to 2017), Evolving Linkages of the Pacific Economies, Phase 2 (2016 to 2017), and Preparing the Higher Education in the Pacific Investment Project (2016 to 2017).
- (iii) **Four projects added.** Improving Quality Basic Education in the North Pacific, Contingent Credit for Natural Disasters, e-Pacific: Regional Project for ICT Development in the Pacific, and Subregional Agribusiness Support Project;
- (iv) **Seven TAs added.** e-Pacific: Regional Program for ICT Development in the Pacific; Small and Medium Enterprise Finance in Pacific DMCs; Trade Linkages and Transport Facilitation in the Pacific (Phase 2); Building Project Implementation Capacity; Preparing the Improving Quality of Basic Education Project; Information and Communication Technology; and Establishment of the Pacific Region Infrastructure Facility Coordination Office, Phase 2 (additional financing).

8. The 2015 pipeline is in Appendix 4 and the list of indicative knowledge publications and events is in Appendix 5.

REGIONAL ASSISTANCE RESULTS AREAS

Key Country Development Outcomes that ADB Contributes to	ADB		
	Key Areas of Assistance	Indicative Resource Allocation in 2016–2018	Changes from Last ROBP
1. Agriculture, Natural Resources and Rural Development			
Improved quality, productivity, and value for agricultural products	Support for agribusiness	\$20.0 million	
2. Energy			
Sustainable energy sources	Support and investment in renewable energy sources	\$1.0 million	
3. Transport			
Improved connectivity through maritime transport	Regional maritime investments	\$5.0 million	
4. Water and Other Urban Infrastructure and Services			
Improved urban services regulation and management	Urban planning, policies, and reforms New institutional structures for efficient and performance-based service delivery Priority water and sanitation infrastructure Increased private sector participation	\$0.7 million	
5. Education			
Improved education infrastructure and management; enhanced quality of education	Infrastructure investments in higher education Quality basic education	\$37.4 million	
6. Information and Communications Technology (ICT)			
Improved access to ICT applications for public service delivery	ICT applications for development of ICT-enabled services	\$11.6 million	
7. Finance			
More efficient and greater access to sustainable financial services by private sector enterprises, particularly small and medium-sized enterprises (SMEs)	Support for financing of SMEs	\$1.5 million	
8. Public Sector Management			
More responsive public sector actions to natural disasters	Disaster risk management and support for recovery operations	\$47.3 million	
Improved policies for gender, public–private partnership management	Reforms of public sector enterprises		
Improved public service delivery	Support for investment decisions through more in-depth studies		

Key Country Development Outcomes that ADB Contributes to	ADB		
	Key Areas of Assistance	Indicative Resource Allocation in 2016–2018	Changes from Last ROBP
Strengthened public institutions Stronger resource mobilization and private-sector-led growth	Enhanced policy-making capacity Improved capacity for project management and development partner coordination		

ADB = Asian Development Bank, ROBP = regional operations business plan.

Source: ADB.

LIST OF LINKED DOCUMENTS

<http://www.adb.org/Documents/ROBP/?id=Pacific-2016>

1. ADB's Approach to Assisting the Pacific (2010–2014)
2. Pacific Approach, 2010–2014 Implementation Review
3. Interim Pacific Approach, 2015
4. The Framework for Pacific Regionalism
5. Midterm Review of Strategy 2020: Meeting the Challenges of a Transforming Asia and Pacific

INDICATIVE ASSISTANCE PIPELINE

Table A3.1: Lending Products, 2016–2018

Project/Program Name	Sector	Poverty Targeting	Strategic Agendas and Drivers of Change	Division	Year of PPTA/ PDA	Cost (\$ million)						
						ADB					Gov't	Co-finance
						Total	MOL	COL	ADF Grants	Total		
2016 Firm												
Higher Education in the Pacific Investment Program (tranches 2 and 3)	EDU	GI	RCI, GCD	PAUS	2009	15.40	0.00	15.40	0.00	15.40	0.00	0.00
Total						15.40	0.00	15.40	0.00	15.40	0.00	0.00
2017 Firm												
Improving Quality Basic Education in the North Pacific	EDU	GI	RCI, GCD	PAUS	2016	6.00	0.00	0.00	6.00	6.00	0.00	0.00
Contingent Credit for Natural Disasters	PSM	GI	RCI, ESG	PAUS	None	25.00	0.00	0.00	25.00	25.00	0.00	TBD
e-Pacific: Regional Project for ICT Development in the Pacific	ICT	GI	RCI, IEG	PAUS	2016	10.00	0.00	10.00	0.00	10.00	0.00	TBD
Total						41.00	0.00	10.00	31.00	41.00	0.00	0.00
2018 Firm												
Higher Education in the Pacific Investment Project	EDU	GI	RCI, GCD	PAUS	2017	15.00	0.00	15.00	0.00	15.00	0.00	0.00
Subregional Agribusiness Support Project	ANR	GI	RCI, IEG	PLCO	None	20.00	0.00	20.00	0.00	20.00	0.00	0.00
Total						35.00	0.00	35.00	0.00	35.00	0.00	0.00

ADB = Asian Development Bank; ADF = Asian Development Fund; ANR = agriculture and natural resources; COL = concessional OCR lending; EDU = education; ESG = environmentally sustainable growth; GCD = governance and capacity development; GI = general intervention; Gov't = government; ICT = information and communication technology; IEG = inclusive economic growth; MOL = market-based OCR lending; OCR = ordinary capital resources; PAUS = Urban, Social Development and Public Management Division; PDA = project design advance; PLCO = Pacific Liaison and Coordination Office; PPTA = project preparatory technical assistance; PSM = public sector management; RCI = regional integration; TBD = to be determined.

Source: ADB.

Table A3.2: Nonlending Products and Services, 2016–2018

					Sources of Funding			
Assistance Name	Sector	Division	Assistance Type	ADB	Others		Total (\$'000)	
				Source	Amount (\$'000)	Source		Amount (\$'000)
2016 Firm								
Increasing Access to Renewable Energy	ENE	PATE	CDTA	TASF	1,000			1,000
Pacific Financial Technical Assistance Center	PSM	PAUS	CDTA	TASF	800			800
2017–2021								
Promoting Evidence Based Policy Making for Gender Equity in the Pacific (Phase 2)	PSM	PAUS	CDTA	TASF	500			500
Improving Urban Services Regulation and Governance in the Pacific	WUS	PAUS	PATA	TASF	700			700
Small and Medium Enterprise Finance in Pacific DMCs	PSM	PLCO	PATA	TASF	1,500			1,500
Building Project Implementation Capacity	PSM	PATE	CDTA	TASF	1,000	TBD	TBD	1,000
Preparing the Improving Quality of Basic Education Project	EDU	PAUS	PPTA	TASF	200			200
Preparing the e-Pacific: Regional Project for ICT Development in the Pacific	ICT	PAUS	PPTA	TASF	338			338
Establishment of the Pacific Region Infrastructure Facility Coordination Office, Phase 2 additional financing	PSM	PLCO	PATA	TASF	1,000	NZG/EIB	3,000	4,000
Total					7,038		3,000	10,038
2017 Firm								
Pacific Economic Management, Phase 2 (additional financing)	PSM	PAUS	CDTA	TASF	1,000			1,000
Sector and Thematic Analyses in Policy Development (Phase 2)	PSM, TRA, ENE, WUS, EDU, ICT	PAUS	PATA	TASF	500			500
Evolving Linkages of the Pacific Economies, (Phase 2)	PSM	PAUS	RDTA	TASF	500	TBD	1,000	1,500
Preparing the Higher Education in the Pacific Investment Project	EDU	PAUS	PPTA	TASF	800			800
Trade Linkages and Transport Facilitation in the Pacific (Phase 2): Designing Maritime Investments to Promote Regional Connectivity in the Pacific	TRA	PATE	C-PATA ^a	TASF	5,000			5,000
Total					7,800		1,000	8,800
2018 Firm								
Information and Communication Technology	ICT	TBD	RDTA	TASF	500			500
Total					500			500

ADB = Asian Development Bank; C- = cluster; CDTA = capacity development technical assistance; DMC = developing member country; EDU = education; EIB = European Investment Bank; ENE = energy; ICT = information and communication technology; NZG = New Zealand grant; PAUS = Urban, Social Development and Public Management Division; PATA = policy and advisory technical assistance; PLCO = Pacific Liaison and Coordination Office; PPTA = project preparatory technical assistance; PSM = public sector management; RDTA = research and development technical assistance; TASF = Technical Assistance Special Fund; TRA = transport; TBD = to be determined; WUS = water and other urban infrastructure and services.

^a The cluster TA will be implemented over 5 years with an annual allocation of \$1.0 million.

Source: ADB.

ASSISTANCE PROGRAM FOR CURRENT YEAR

Table A4.1: Lending Products 2015

Project/Program Name	Sector	Poverty Targeting	Strategic Agendas and Drivers of Change	Division	Year of PPTA/ PDA	Cost (\$ million)						
						Total	ADB			Gov't	Co-finance	
							MOL	COL	ADF Grants			
Firm												
None												
Total												

ADB = Asian Development Bank, ADF = Asian Development Fund, COL = concessional OCR lending, Gov't = government, MOL = market-based OCR lending, OCR = ordinary capital resources, PDA = project design advance, PPTA = project preparatory technical assistance.

Source: ADB.

Table A4.2: Nonlending Products and Services, 2015

Assistance Name	Sector	Division	Assistance Type	Sources of Funding				Total (\$'000)
				ADB		Others		
				Source	Amount (\$'000)	Source	Amount (\$'000)	
Firm								
Enhancing Engagement in Pacific Developing Member Countries (Phase 2) (additional financing)	PSM	PAOD	CDTA	TASF-V	375	AUSG	825	1,200
Strengthening Climate and Disaster Resilience of Investments in the Pacific	ENE, TRA, WUS	PATE	CDTA	TASF-V	1,000			1,000
Pacific Information and Communication Technology Investment Planning and Capacity Development (additional financing)	ICT	PAUS	CDTA	TASF-V	750			750
Pacific Economic Management (Phase 2) (additional financing)	PSM	PAUS	CDTA	TASF-V	500			500
Sector and Thematic Analyses in Policy Development (additional financing)	PSM, TRA, ENE, WUS, EDU, ICT	PAUS	CDTA	TASF-V	600	DFAT	90	690
Pacific Private Sector Development Initiative (Phase 3)	PSM	PLCO	CDTA			AUSG	8,080	8,080
Establishment of the Pacific Region Infrastructure Facility Coordination Office (additional financing)	ENE	PLCO	PATA	TASF-V	500			500
Total					3,725		8,995	12,720

ADB = Asian Development Bank; AUSG = Australian grant; CDTA = capacity development technical assistance; DFAT = Department of Foreign Affairs and Trade (Australia); EDU = education; ENE = energy; ICT = information and communication technology; PAOD = Office of the Director General; Pacific Department, PATE = Transport, Energy and Natural Resources Division; PAUS = Urban, Social Development and Public Management Division; PLCO = Pacific Liaison and Coordination Office, Sydney, Australia; PSM = public sector management; TASF = Technical Assistance Special Fund; TRA = transport; WUS = water and other urban infrastructure and services.

Source: ADB.

LIST OF INDICATIVE KNOWLEDGE PUBLICATIONS AND EVENTS

Table A5.1: Knowledge Publications and Events for 2016

Title of Publication or Event	Subject	Type	Department or Sector Group or Thematic Group	Technical Assistance
<i>Pacific Economic Monitor</i> , December 2016	Economics	Publication or document: report	PARD	Technical assistance 8565
<i>Pacific Economic Monitor</i> , July 2016	Economics	Publication or document: report	PARD	Technical assistance 8565
Trust Funds in the Pacific: An Updated Review	Economics	Publication or document: report	PARD	Technical assistance 8565
Evolving Linkages	Economics	Publication or document: report	PARD	Technical assistance 8384
Pacific Transport Update 2016	Transport	Publication or document: report	PARD	Admin core budget (staff work)
Pacific Public Sector Management Update 2016		Publication or document: report	PARD	Admin core budget (staff work)
Pacific Energy Update 2016	Energy	Publication or document: report	PARD	Admin core budget (staff work)
Pacific Water Update 2016	Water	Publication or document: report	PARD	Admin core budget (staff work)
Explaining Urban Villages—Better Understanding Urbanization in the Contemporary Towns and Cities of the Pacific Islands	Urban development	Publication or document: report	PARD	Admin core budget (staff work)
Social Protection in the Pacific	Social and development protection	Publication or document: report	PARD	Admin core budget (staff work)
Impact Stories From Social Protection Support in the Pacific	Social and development protection	Publication or document: awareness-raising brochure or leaflet	PARD	Admin core budget (staff work)
Impact Stories from Gender Mainstreaming in ADB Pacific Operations	Social and development protection	Publication or document: awareness-raising brochure or leaflet	PARD	Admin core budget (staff work)
Results-Based Lending in Transport	Transport	Publication or document: report	PARD	Admin core budget (staff work)
PSDI Progress Report, 2015–2016	Private sector	Publication or document: report	PARD	Technical assistance 8378
Finding Balance, 2016	Private sector	Publication or document: report	PARD	Technical assistance 8378
Women in Business in the Pacific	Private sector	Publication or document: book	PARD	Technical assistance 8378
State-Owned Enterprise Reform in the Pacific: Lessons for Pacific Policy Makers	Public sector	Publication or document: Awareness raising brochure or leaflet	PARD	Admin core budget (staff work)
The Pacific Jobs Symposium	Social and development protection	Training and capacity building	PARD	Admin core budget (staff work)
Pacific Update Conference	Economics	Knowledge-sharing tools and systems creation and partnership facilitation	PARD	Technical assistance 8565

Title of Publication or Event	Subject	Type	Department or Sector Group or Thematic Group	Technical Assistance
Capacity-Building Workshops In Economic Policy and/or Public Financial Management in Fiji	Economics	Training and capacity building	PARD	Technical assistance 8565
Capacity-Building Workshops In Economic Policy and/or Public Financial Management in PNG	Economics	Training and capacity building	PARD	Technical assistance 8565
Workshop for the Evolving Economic Linkages	Economics	Knowledge-sharing tools and systems creation	PARD	Technical assistance 8384
<i>Asian Development Outlook</i> Launch in Fiji and Timor-Leste	Economics	Knowledge-sharing tools and systems creation	PARD	Admin core budget (staff work)
<i>Pacific Economic Monitor</i> Launch in Fiji and Timor-Leste	Economics	Knowledge-sharing tools and systems creation	PARD	Technical assistance 8565
Total number of publications = 17 Total number of events = 7				

ADB = Asian Development Bank, PARD = Pacific Department, PNG = Papua New Guinea, PSDI = Private Sector Development Initiative.

Note: Publications may include databases, multimedia, and other forms of documentation. Events may include event organization, and training or capacity development.

Source: Asian Development Bank.

Table A5.2: Additional Knowledge Publications and Events Delivered in 2015

Title of Publication or Event	Subject	Type	Department or Sector Group or Thematic Group	Technical Assistance
<i>Pacific Economic Monitor</i> , December 2015	Economics	Publication or document: report	PARD	Technical assistance 8378
Pacific Private Sector Development Initiative: Progress Report, 2014–2015	Private sector	Publication or document: report	PARD	Admin core budget (staff work)
Pacific Transport Update, 2015	Transport	Publication or document: awareness-raising brochure or leaflet	PARD	Admin core budget (staff work)
Pacific Opportunities: Leveraging Asia's Growth	Economics	Publication or document: book	PARD	Admin core budget (staff work)
<i>Pacific Economic Monitor</i> , July 2015	Economics	Publication or document: report	PARD	Admin core budget (staff work)
Pacific Energy Update 2015	Energy	Publication or document: report	PARD	Admin core budget (staff work)
Climate Change, Food Security, and Socioeconomic Livelihood in the Pacific		Publication or document: report	PARD	Technical assistance 7394
Our Work in the Pacific		Publication or document: awareness-raising brochure or leaflet	PARD	Technical assistance 8764
Country Directors Forum		Other	PARD	Admin core budget (staff work)
Pacific Update Conference, 2015	Economics	Knowledge-sharing tools and systems creation and partnership facilitation	PARD	Admin core budget (staff work)
IMF High-Level Dialogue	Regional cooperation and integration, governance and public sector management	Partnership facilitation	PARD	Admin core budget (staff work)
<i>Asian Development Outlook</i> Launch in Sydney and Canberra, Australia; Fiji; and New Zealand	Economics	Knowledge-sharing tools and systems creation	PARD	Admin core budget (staff work)
Total number of publications = 8 Total number of events = 4				

IMF = International Monetary Fund, PARD = Pacific Department.

Note: Publications may include databases, multimedia, and other forms of documentation. Events may include event organization and training or capacity development.

Source: Asian Development Bank.

Table A5.3: Innovation, Advanced Technology, and Pilot Initiatives to be Implemented in 2016

Item	Nature	Project Number	Sector or Theme	Division
Use of internet-based health delivery	TCH	TA 8540	ICT	PAUS
Total number of innovation, advanced technology, and pilot initiatives = 1				

ICT = information and communication technology; PAUS = Urban, Social Development and Public Management Division; TA = technical assistance, TCH = use of advance technology.

Source: Asian Development Bank.