

TECHNICAL ASSISTANCE COMPLETION REPORT

Division: Pacific Liaison and Coordination Office (PLCO)

TA No., Country and Name: TA 7430-REG: Pacific Private Sector Development Initiative Phase II			Amount Approved: \$12,000,000.00 Revised Amount: –														
Executing Agency: Asian Development Bank	Source of Funding: Technical Assistance Special Fund—other sources and Government of Australia		Amount Undisbursed: \$34,587.79	Amount Utilized: \$11,965,412.21													
TA Approval Date: 10 December 2009	TA Signing Date: 11 December 2009	Fielding of First Consultants: 26 January 2010	<table style="width: 100%; border: none;"> <tr> <td colspan="2">TA Completion Date</td> </tr> <tr> <td style="width: 50%;">Original:</td> <td style="width: 50%;">Actual:</td> </tr> <tr> <td>31 December 2013</td> <td>31 December 2014</td> </tr> <tr> <td colspan="2">Account Closing Date</td> </tr> <tr> <td>Original:</td> <td>Actual:</td> </tr> <tr> <td>31 December 2013</td> <td>31 March 2015</td> </tr> </table>			TA Completion Date		Original:	Actual:	31 December 2013	31 December 2014	Account Closing Date		Original:	Actual:	31 December 2013	31 March 2015
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<p>Description</p> <p>The regional technical assistance (TA) was approved on 10 December 2009 for an estimated total cost of \$12 million, with \$3 million financed by ADB's Technical Assistance Special Fund—other sources, and \$9 million by the Government of Australia.</p> <p>Expected Impact, Outcome, and Outputs</p> <p>The TA was to contribute to poverty reduction by promoting private enterprise, investment, and economic growth. The outcome of the TA was that Pacific island governments implement focused reform strategies and measures, and project designs for an improved business enabling environment. Specifically, the TA was to implement the following outputs (i) policy advice, comprising: (a) advocacy, research, and communication; (b) technical advice, and capacity development; and (c) regional cooperation and results monitoring and benchmarking; and (ii) transactions support, comprising: (a) initial assessments and prefeasibility studies, and (b) feasibility studies, due diligence, and project and transactions design and packaging.</p> <p>Delivery of Inputs and Conduct of Activities</p> <p>The TA was originally scheduled to be implemented over 48 months. Up to 300 person-months of international consulting inputs and up to 150 person-months of national consulting inputs were initially budgeted. The consultants' required skills and expertise were in private sector development strategies and policies, institutional change, state-owned enterprise (SOE) reform, public private partnerships (PPPs), legal and regulatory reform, access to finance and finance sector development, capacity development, knowledge management and communication, transaction support, and monitoring and evaluation.</p> <p>A minor change in scope and extension of TA completion date was approved on 22 August 2013. The minor change in scope was necessary to adjust and reallocate person-month inputs of international (additional 250 person-months) and national (reduction of 100 person-months) consultants based on work demands. The adjustment was covered within the existing TA budget. The TA completion date was extended from 31 December 2013 to December 2014 to enable completion of TA activities.</p> <p>At the completion of the TA, 91 consultant contracts had been entered into, consisting of 497.0 person-months of international consulting services and 49.1 person-months of national consulting services. The performance evaluation reports rated the consultants as excellent, satisfactory, or generally satisfactory.</p> <p>Evaluation of Outputs and Achievement of Outcome</p> <p>Annual progress reports were prepared which evaluated the achievement of TA outputs and the TA outcome and provided a comprehensive outline of implementation progress.¹</p> <p>In addition, a review of the TA was completed in February 2013, at the request of the Government of Australia.² The review was intended to evaluate the performance, effectiveness, and relevance of PSDI in improving the business environment in the Pacific. The review also examined selected individual initiatives to ensure that they were being delivered effectively and developed recommendations to improve implementation.</p>																	

¹ ADB. 2014. *Pacific Private Sector Development Initiative Progress Report 2013–2014*. Manila; ADB. 2013. *Pacific Private Sector Development Initiative Progress Report 2013*. Manila; ADB. 2012. *The Pacific Private Sector Development Initiative in 2011. Focus, Issues, and Outcomes*. Manila; and ADB. 2011. *Pacific Private Sector Development Initiative Annual Progress Report 2010*. Manila.

² ADB. 2013. *Independent Evaluation Report. TA-7430 REG: Pacific Private Sector Development Initiative Phase II*. Consultant's Report. Manila.

The review concluded “In summary, PSDI has been highly effective in reducing selected constraints to private sector development in the Pacific. It is achieving the intended outputs in a cost-effective way, the quality of the outputs is very high and the impacts are sustainable.” (page 14).

The actual performance of the TA against the targets and indicators from the TA design and monitoring framework are outlined in **Appendix 1**. The TA outputs and activities were considered appropriate.

ADB was the executing and implementing agency. The TA was managed by ADB’s Pacific Liaison and Coordination Office (PLCO). The performance of ADB was considered satisfactory.

Overall Assessment and Rating

The TA is rated as *highly successful*. This rating is supported by the February 2013 review which applied the then AusAID’s evaluation rating scale and assessed PSDI across six criterion – effectiveness (a rating of 6 on a scale of 1–6, with 6 the highest rating), efficiency (5), sustainability (6), impact on the empowerment of women (4), monitoring and evaluation (5), and analysis and learning (6).

Major Lessons

PSDI has been in operation since 2006 (with the approval of the first phase of PSDI, TA 6353-REG, on 21 November 2006) and a number of lessons have been able to be drawn from PLCO’s experience in implementing a large-scale regional TA over this period of time:

- (i) Promoting an enabling environment for the private sector in the Pacific remains a crucial challenge and requires a thorough analysis of the economic, political, and cultural issues and challenges facing Pacific developing member countries (DMCs).
- (ii) Reform in the Pacific region requires sound analysis, awareness building, and regular advocacy and outreach, involving policy makers, the private sector, the media, and civil society. Regional benchmarking is an effective advocacy tool and provides valuable information for monitoring progress.
- (iii) A regional (and multi-country) focus facilitates learning from experiences gained from undertaking similar reforms in other Pacific DMCs while ensuring that local needs, capacity, and conditions are reflected in proposed reforms. The approach used in PSDI has perpetuated demand-driven reforms, often with success in one country motivating others to follow suit.
- (iv) A rapid-response capability brings the flexibility to quickly mobilize expertise as reform opportunities arise, and to demobilize promptly when political commitment wanes, allocating resources where the demand is greatest and effectively supporting reformer governments and champions.
- (v) As reform initiatives often require several years to design and implement, and because relationships take time to build, long-term engagements are critical.
- (vi) It is important to sequence and prioritize reforms according to the level of political readiness and local capacities, and design reform measures to meet existing institutional capacity.
- (vii) Close collaboration and coordination among development partners is important to maximize impact, especially in small, fragile states. Harmonization of private sector development assistance through cofinancing has proved effective.³

Recommendations and Follow-Up Actions

PSDI has been the main instrument for ADB to implement its agenda to promote private sector development in the Pacific. The success of the first and second phases of PSDI resulted in ADB and the Government of Australia funding a third phase which was approved on 6 June 2013, with the Government of New Zealand also contributing.⁴

The program is continuing and has expanded into areas that it did not have sufficient resources to enter under Phase I and II, including competition and consumer protection law and policy, and economic empowerment of women. In addition, the “access to finance” output under Phase I and II has now been termed “financing growth” reflecting the realignment of PSDI’s financial sector work with the wider PSDI objective of promoting growth and acknowledging that a wider range of institutional constraints and financial sector reforms is being addressed in Phase III.

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Designation: Senior Country Specialist

In preparing any country program or strategy, financing any project, or by making any designation of or reference to a particular territory or geographic area in this document, the Asian Development Bank does not intend to make any judgments as to the legal or other status of any territory or area.

³ Support was provided to the design of the Mekong Business Initiative drawing from these lessons. The Mekong Business Initiative is a policy advisory and advocacy facility to promote private sector development, business formalization, and growth in value chains in the Greater Mekong Subregion, with a focus on Cambodia, Lao People’s Democratic Republic, Myanmar, and Viet Nam. ADB. 2014. *Technical Assistance for the Mekong Business Initiative*. Manila (TA 8785-REG, \$10,500,000, approved on 3 December 2014, cofinanced by the Government of Australia).

⁴ ADB. 2013. *Technical Assistance for the Pacific Private Sector Development Initiative, Phase III*. Manila (TA 8378-REG, \$30,500,000, approved on 6 June 2013, cofinanced by the Government of Australia and the Government of New Zealand).

Design and Monitoring Framework Performance Targets/Indicators – Actual Performance

Outcome Pacific island governments implement focused reform strategies and measures, and project designs for an improved business enabling environment	Performance Targets/Indicators Measurable improvement in the business environment as demonstrated by selected indicators for SOE reform and PPPs, access to finance, and business law and regulation Memoranda of understanding between project sponsors and financiers									
Actual Performance (selected indicators)										
Cumulative Security Interests Registered, 2006–2014										
2006	2007	2008	2009	2010	2011	2012	2013	2014		
766	806	1,041	9,714	15,729	20,571	23,987	27,948	31,961		
Source: Federated States of Micronesia Secured Transactions Filing Office http://securedtransactions.dea.fm ; Marshall Islands Secured Transactions Filing Office https://stformi.com ; Palau Financial Institutions Commission Secured Transactions Filing Office https://www.stforop.com ; Solomon Islands Secured Transactions Filing Office https://stfosi.com ; Tonga Ministry of Commerce, Tourism and Labor Personal Property Securities Registry Office https://ppsa.to/public/aboutfilingoffice.aspx ; and Vanuatu Personal Property Securities Registry https://ppsr.vu .										
Number of New Company Incorporations in Samoa, 2008–2014										
2008	2009	2010	2011	2012	2013	2014				
76	122	126	133	112	206	217				
Source: Samoa Companies Registry http://www.companies.gov.ws										
Number of New Company Incorporations in Solomon Islands, 2004–2014										
2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
108	92	101	159	157	127	286	270	296	330	354
Source: The Company Haus of the Solomon Islands http://www.companyhaus.gov.sb										
Return on Assets of State-Owned Enterprises, 2008–2012										
Country	2008	2009	2010	2011	2012					
Fiji	0.8%	(0.4%)	(4.1%)	2.6%	2.9%					
Marshall Islands	(4.3%)	(6.1%)	(5.8%)	(3.9%)	(5.0%)					
Papua New Guinea	0.9%	2.8%	1.2%	2.1%	2.7%					
Samoa	1.0%	(0.4%)	(0.4%)	0.0%	(0.1%)					
Solomon Islands	(12.4%)	(2.7%)	1.8%	8.3%	10.1%					
Tonga	3.3%	0.0%	1.3%	1.5%	3.5%					
Source: Asian Development Bank.										
Memoranda of understanding between project sponsors and financiers										
PSDI assisted the Solomon Islands government hold an open competitive tender for the sale of Sasape Marina (formerly a state-owned enterprise) ultimately won in 2010 by a joint venture between Silentworld Shipping and Logistics (a Honiara-based company), and the National Provident Fund (http://www.adb.org/results/solomon-islands-rehabilitation-sasape-marina-boosts-economy).										
Outputs 1. Policy advisory (i) Advocacy, research, and communication (ii) Technical advice, and capacity development (iii) Regional cooperation and results monitoring and benchmarking	Performance Targets/Indicators Number of policy papers, seminars, and frequent media coverage Number of reform measures (subprojects) in priority areas implemented Average response time to relevant reform opportunities (based on government requests) of not more than 2 months At least 30 regional capacity development events, at least 10 subregional cooperation events in law reform, business registries and SOE reform (selected areas and regional), and regional private sector development monitoring and benchmarking report updated annually									
Actual Performance										
Number of policy papers, seminars, and frequent media coverage 4 annual progress reports ^a										

9 research publications^a

2 videos^a

5 issues of *Pacific Private Sector Development* quarterly^a

A paper on the analytical basis for private sector led growth in the Pacific (unpublished)

Over 150 seminars, including in-country reform-related seminars

Regular press releases and media coverage with more than 700 separate references to PSDI

At least 30 regional capacity development events, at least 10 subregional cooperation events in law reform, business registries and SOE reform (selected areas and regional), and regional private sector development monitoring and benchmarking report updated annually

Regional

Finding Balance 2011

Finding Balance 2012

Registry Workshop 2011

Competition Law and Policy Workshop 2011 (Apia, Samoa)

Pacific Business Registrars Workshop 2011 (Auckland, New Zealand)

Pacific Knowledge Seminar on PSDI Monitoring and Evaluation Framework

Pacific Knowledge Seminar on Updates on the PSDI Company Law and Secured Transactions Reforms

Pacific Knowledge Seminar on Finding Balance 2011

Pacific Knowledge Seminar on Implementing Public-Private Partnerships

Presentation to ADB's Office of the General Counsel and Public Management, Governance, and Participation Division on Private Sector Development Oriented Legal Reforms in the Pacific

Presentation on Finding Balance 2011 (Canberra, Australia)

Presentation on ADB's Access to Finance Activities in the Pacific at Pacific Microfinance Week

ADB Knowledge Seminar on Business Registry Reforms in the Pacific

Presentations on ADB's Access to Finance Activities and Secured Transactions Reform at United Nations Conference on Trade and Development Workshop on Agricultural Finance

Pacific Business Registrars Workshop 2013 (Auckland, New Zealand)

Women's World Banking Forum

Microfinance Week 2013

Pacific Branchless Banking Seminar 2013

World Corporate Registrars Forum 2013 (PSDI was also a principal sponsor)

PPP Familiarization Workshop

Pacific Insurance Regulation Workshop 2012

Pacific Insurance Regulation Workshop 2013

Total: 22

Subregional Events

SOE Director Training Workshops (10)

Finding Balance country discussions (6)

Launch of Finding Balance 2012 (Papua New Guinea)

Customer Service Excellence Training for staff of Instituição de Microfinanças de Timor-Leste

PPP Policy and PPP Assessment Workshops in Timor-Leste (4)

Facilitating Branchless Banking Workshop

Public Forum on the Personal Property Securities Act

Training Seminars for Tongan Banks on the Personal Property Securities Act (3)

Workshop with the Bank of South Pacific on the Requirements under the New Companies Act for Companies Entering into Agreements

Workshop with Inland Revenue Division: Training Session on the Use of Company Haus Registry Information and the Enhancement of Cooperation between Company Haus and the Inland Revenue Division

Total: 29

Number of reform measures (subprojects) in priority areas implemented

139 projects with TA 7430-REG funding (and also including funding from Phase I (TA No. 6353-REG)^b and Phase III (TA 8378-REG)^c, excluding pipeline projects

31 projects with TA 7430-REG funding only

Average response time to relevant reform opportunities (based on government requests) of not more than 2 months

100% of all requests entered the PSDI workflow pipeline within 60 days

<p>2. Transactions support</p> <p>(i) Initial assessments and prefeasibility studies</p> <p>(ii) Feasibility studies, due diligence, and project and transactions design and packaging</p>	<p>At least two public sector projects and two private sector projects designed with ADB support. PPP pipelines established for at least three countries, and at least two PPPs designed.</p>
<p>At least two public sector projects and two private sector projects designed with ADB support</p> <p>Liquidation of Solomon Island Printers Corporatization of heat treatment facility and formation of SOE Tonga Exports Quality Management Limited Corporatization of Small Industries Centre (Tonga) Liquidation of Tonga Investments Partial liquidation of Tonga Print</p> <p>At least two public sector projects and two private sector projects designed with ADB support</p> <p>Equity investment in financial institution in Papua New Guinea Equity investment in financial institution in Vanuatu Solomon Islands cable joint venture</p> <p>PPP pipelines established for at least three countries</p> <p>PPP pipelines established for Timor-Leste and Papua New Guinea</p> <p>At least two PPPs designed</p> <p>Sasape Marina (Solomon Islands) Contracting out of CSO ferry services to private sector (2 providers, Tonga) Angau Hospital (Papua New Guinea) Hera and Betano operations and maintenance PPP assessment (Timor-Leste) Jackson's Airport PPP assessment (Papua New Guinea) TA 7430-REG leveraged 4 other PPP assessments and options analyses</p>	

ADB = Asian Development Bank, SOE = state-owned enterprise, PPP = public-private partnership, PSDI = Private Sector Development Initiative, TA = technical assistance.

^a Refer to Appendix 2.

^b ADB. 2006. *Technical Assistance for the Private Sector Development Initiative*. Manila (TA 6353-REG, \$9,839,350, approved on 21 November 2006, cofinanced by the Government of Australia).

^c ADB. 2013. *Technical Assistance for the Pacific Private Sector Development Initiative, Phase III*. Manila (TA 8378-REG, \$30,500,000, approved on 6 June 2013, cofinanced by the Government of Australia and the Government of New Zealand).

Source: Asian Development Bank.

List of Advocacy, Communication, and Research Products published under TA 7430-REG

Annual Progress Reports:

1. ADB. 2011. *Pacific Private Sector Development Initiative Annual Progress Report 2010*. Manila. <http://www.adb.org/documents/pacific-private-sector-development-initiative-annual-progress-report-2010>
2. ADB. 2012. *The Pacific Private Sector Development Initiative in 2011*. Manila. <http://www.adb.org/documents/pacific-private-sector-development-initiative-annual-progress-report-2011>
3. ADB. ADB, 2013. *Pacific Private Sector Development Initiative: Progress Report 2012-2013*. Manila. <http://www.adb.org/documents/pacific-private-sector-development-initiative-progress-report-2013>
4. ADB. 2014. *Pacific Private Sector Development Initiative: Progress Report 2013-2014*. Manila. <http://www.adb.org/documents/pacific-private-sector-development-initiative-progress-report-2013-2014>

Research:

5. ADB. 2011. *Gender Issues and Responses in the Private Sector Development Initiative*. Manila. <http://www.adb.org/projects/documents/gender-issues-and-responses-pacific-private-sector-development-initiative>
6. ADB. 2011. *Finding Balance 2011: Benchmarking the Performance of State-Owned Enterprises in Fiji, Marshall Islands, Samoa, Solomon Islands, and Tonga Volume 1*. Manila. <http://www.adb.org/publications/finding-balance-2011-benchmarking-performance-state-owned-enterprises-fiji-marshall-is>^a
7. ADB. 2011. *Finding Balance 2011: Benchmarking the Performance of State-Owned Enterprises in Fiji, Marshall Islands, Samoa, Solomon Islands, and Tonga Volume 2*. Manila. <http://www.adb.org/publications/finding-balance-2011-benchmarking-performance-state-owned-enterprises-fiji-marshall-is>^a
8. ADB. 2012. *The Monitoring and Evaluation Framework of the Pacific Private Sector Development Initiative: Issues and Structure*. Unpublished.
9. ADB. 2012. *Continuing Reform to Promote Growth: Update of the Private Sector Assessment for Tonga*. Manila. <http://www.adb.org/documents/continuing-reform-promote-growth-update-private-sector-assessment-tonga>
10. ADB. 2012. *Finding Balance: Benchmarking the Performance of State-Owned Enterprises in Papua New Guinea*. Manila. <http://www.adb.org/publications/finding-balance-benchmarking-performance-state-owned-enterprises-papua-new-guinea>
11. ADB. 2013. *Integrating a Gender Perspective in Solomon Islands*. (Unpublished)
12. ADB. 2014. *Unlocking Finance for Growth: Secured Transactions Reform in Pacific Island Economies*. Manila. <http://www.adb.org/publications/secured-transactions-pacific>
13. ADB. 2014. *The Challenges of Doing Business in Papua New Guinea (2014)*. Manila. <http://www.adb.org/publications/challenges-doing-business-papua-new-guinea-2014>
14. ADB. 2014. *Finding Balance 2014: Benchmarking the Performance of State-Owned Enterprises in Island Countries*. Manila. <http://www.adb.org/publications/finding-balance-2014>

Videos:

15. Solomon Islands: Breaking Barriers <https://www.youtube.com/watch?v=GWtUMYKS3Js>
16. Solomon Islands: Rebirth of a Marina <https://www.youtube.com/watch?v=YVVKYN-r1J4>

Pacific Private Sector Development Quarterly:^b

17. ADB. 2010. *Pacific PSD Quarterly, November 2010*. <http://www.adb.org/publications/pacific-psd-quarterly-november-2010>
18. ADB. 2011. *Pacific PSD Quarterly, March 2011*. <http://www.adb.org/publications/pacific-psd-quarterly-march-2011>
19. ADB. 2011. *Pacific PSD Quarterly, June 2011*. <http://www.adb.org/publications/pacific-psd-quarterly-june-2011>
20. ADB. 2011. *Pacific PSD Quarterly, November 2011*. <http://www.adb.org/publications/pacific-psd-quarterly-november-2011>
21. ADB. 2012. *Pacific PSD Quarterly, May 2012*. <http://www.adb.org/publications/pacific-psd-quarterly-may-2012>

ADB = Asian Development Bank, PSD = Private Sector Development.

^a Two volumes counted as one publication (9 research publications in total).

^b The *Pacific Private Sector Development Quarterly* was a Private Sector Development Initiative (PSDI) produced newsletter on private sector development issues and reforms in ADB's Pacific developing member countries. Following the introduction of a PSDI Blog and enhancements to the PSDI website (www.adbpsdi.org) it was agreed that the website was a more effective mechanism for communicating the results of PSDI's work and accordingly it was decided to no longer continue with the publication.

Source: Asian Development Bank.