Regional: Evolving Linkages of the Pacific Economies

Project Name: Evolving Linkages of the Pacific Economies
Project Number: TA 8384-REG
Country: Regional
Project Status: Closed
Project Type / Modality of Assistance: Technical Assistance
Source of Funding / Amount: Regional Cooperation and Integration Fund, US$ 500,000.00

Strategic Agendas:
- Inclusive economic growth
- Regional integration

Drivers of Change:
- Governance and capacity development
- Partnerships

Sector / Subsector:
- Finance - Finance sector development
- Industry and trade - Industry and trade sector development
- Public sector management - Economic affairs management

Gender Equity and Mainstreaming:

Description:
The technical assistance (TA) is supporting applied research on the evolving external economic links (i.e., exports and import markets, financial market, labor market, tourism market, and aid linkages) of selected Pacific DMCs of the ADB. These external links evolved in response to changing domestic, regional, and global economic circumstances. The research aims to deepen both the quantitative characterization of strength (or weakness) of Pacific economies external economic ties and the qualitative understanding of the factors (i.e., policy changes, changing global market conditions, one-off events) that have been behind observed changes in Pacific economies economic linkages. The research is also exploring the implications of changing economic links for regional cooperation and integration efforts in the Pacific and propose practical steps these economies can take to adapt to and benefit from a changing global economic environment.

Project Rationale and Linkage to Country/Regional Strategy:
Adapting to evolving economic conditions (e.g., changing trade costs, shifts in trading partner economies, and a changing global and regional financial landscape) in an increasingly integrated and rapidly changing global economy presents many challenges to small and remote developing economies in the Pacific. While economies in the Pacific region generally have a high degree of openness, few formal barriers to trade and only moderate levels of restriction on investment, non-tariff and institutional barriers to trade and commerce with overseas businesses persist, and there is an urgent need to address constraints emerging from governments’ lack of capacity to efficiently oversee trade and investment. The goal of furthering regional cooperation and integration (RCI) has been fully embraced by the leaders of the Pacific island countries, which reflects their collective understanding of the particular importance of regional cooperation and integration to the well being of the region. The clearest evidence of this is the Pacific Plan’s provisions for strengthening regional cooperation and integration first endorsed by the Pacific countries in 2005. Given their trade dependence and relatively low levels of capital, the potential benefits of RCI for Pacific countries are clear in terms of enabling countries to achieve economies of scale by combining national efforts in areas such as public service provision and private sector investment and tourism development. RCI could also provide important benefits in terms of pooling risks and encouraging market competition that lowers prices and improves the quality and variety of goods and services available in the region. It is also recognized that many regional challenges (e.g., pandemics, sustainable management of the pacific fisheries, sea level rise) can only be effectively addressed through the combined efforts of all countries in the region.

ADB’s Pacific Approach, which serves as the country partnership strategies for 10 of the Pacific DMCs, embraces RCI as a core agenda item in the Pacific Department’s strategy to promote sustained and resilient growth that provides improved standards of living in the region. This follows ADB’s Strategy 2020 that highlights regional integration as one of three core development agendas for ADB operations.

Impact:
Improved understanding of the economic linkages of Pacific countries and capacity to implement RCI initiatives in the region.

Description of Outcome:
Improved availability of indicators and knowledge products on economic linkages in Pacific DMCs and the opportunities and barriers to greater RCI in the region.

Progress Toward Outcome:
Complete drafts of the 6 commissioned studies have been prepared. A wrap up workshop has been held at which studies were discussed, and results shared with the public at a wrap up conference. Publication of the book is being prepared.

Implementation Progress:

Description of Project Outputs:
Research reports and integration indicator data, and their dissemination through publications and conferences, that improve understanding of the implications of evolving trade, investment, and labor market relations between Pacific economies and their traditional and emerging economic partners.
Six researchers selected to research the six areas of study (export, import, tourism, investment and finance, labor and remittances, and overseas development assistance) have completed drafts of their reports with direction and, for selected chapters, significant inputs of the Project Officer. The TA Inception Workshop met in mid-2014, where the consultants presented and discussed their research plans. Following the workshop, they submitted research outline detailing how they would proceed in writing the overview and 3 case studies on each area of study. A number of consultants have already submitted drafts of their analysis of changes in external linkages based on review of available secondary data and have engaged in field work pursuant to the preparation of the case studies. The rest of the consultants went on mission in the end of 2014. Consultants submitted an overview and at least one case study.

Both before consultant selection and since team mobilization, there have been numerous consultations with DMC policymakers, development partners, and research institutes on their interests and the specific research to be pursued. Recruitment of experts to execute 6 studies was completed with high levels of interest (25-30 per post). The TA Inception workshop was scheduled as soon as the team of 6 researchers all had contracts.

Delivery of some of the draft reports have been delayed for various reasons, but the causes of delay have been addressed and full drafts of all six reports were submitted. The drafts were reviewed, and the analyses and write ups were refined based on feedback of ADB staff. The final workshop for the TA, including a day long public conference to disseminate study findings to public, was conducted on 20-22 April 2016 in East-West Center.

Work to finalize the six complete drafts into a unified volume highlighting case studies and the relationships in linkages in different markets (e.g., tourism and export trade) is complete and chapters are now undergoing copy editing prior to submission for publication.

Geographical Location
Regional

Summary of Environmental and Social Aspects

Environmental Aspects
Involuntary Resettlement
Indigenous Peoples
Stakeholder Communication, Participation, and Consultation
During Project Design Extensive in the context of other country programming, economic monitoring, and project missions.
During Project Implementation Planned through periodic teleconferenced meetings to be held over the course of TA implementation as well as to be conducted in the context of the six research studies to be commissioned.

Business Opportunities
Consulting Services A team was recruited for 36 person-months of consulting inputs on an intermittent basis. The team is made up of six Research Economists (international, under lump sum contracts equivalent to about 3.5 months of full time work to be completed on an intermittent basis) with expertise variously in foreign direct investment and international financial transfers, labor markets and migration, and trade (divided across import trade, export trade, and trade in services with a focus on international tourism). Deliverables will include six research reports (developed from a detailed outline including literature review, an initial draft, and a final draft), each with associated briefs outlining key policy issues identified in the main report.

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Timetable
Concept Clearance 25 Oct 2012
Fact Finding -
MRM -
Approval 17 Jun 2013
Last Review Mission -
Last PDS Update 10 Apr 2017

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Financing Plan/TA Utilization

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