



# Regional Operations Business Plan

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## ABBREVIATIONS

ADB	–	Asian Development Bank
ADF	–	Asian Development Fund
PDMC	–	Pacific developing member country
ICT	–	information and communication technology
ROBP	–	regional operations business plan
TA	–	technical assistance

## NOTE

In this report, "\$" refers to US dollars.

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## **I. CONSISTENCY OF THE BUSINESS PLAN WITH THE REGIONAL STRATEGY**

1. The Asian Development Bank (ADB) Approach to Assisting the Pacific (2010–2014)<sup>1</sup> (the Pacific Approach) is guided by Strategy 2020<sup>2</sup> and the Pacific Plan.<sup>3</sup> The Pacific Approach adopted the vision and goal of the Pacific Plan. The Pacific Approach provides the framework for the formulation of future country partnership strategies of individual Pacific developing member countries (PDMCs) as well as the framework for this regional operations business plan (ROBP) for 2010–2013. The Pacific Approach addresses common challenges and opportunities, and identifies where and how regional approaches and common guidelines can be used to improve the effectiveness of development assistance.

2. The goal of the Pacific Approach will be achieved through an agenda that aims to foster connectivity, consensus, and a greater sense of Pacific community through (i) inclusive and environmentally sustainable growth, (ii) good governance, and (iii) regional cooperation and integration. The operational priorities of ADB for 2010–2013 are (i) transport and information and communication technology (ICT); (ii) energy; (iii) urban development, including water and sanitation; and (iv) education. ADB's drivers of change under the Pacific Approach are (i) an improved private sector environment, (ii) public sector management, (iii) capacity development, (iv) climate change adaptation and mitigation, (v) development partnerships, and (vi) gender mainstreaming. Not all of these priorities and drivers can be best assisted at the regional level. With other development partners also providing assistance at the regional level, it is not necessary for ADB to provide assistance in all areas.

3. In implementing the Pacific Approach at the regional level, operational priorities for the ROBP for 2010–2013 are (i) transport and ICT, (ii) energy, and (iii) education. Priority drivers for change are (i) improved private sector environment, (ii) public sector management, (iii) climate change, and (iv) gender development.

4. ADB will intensify its efforts to leverage increased cofinancing from other key development partners, as well as private sector investors, to meet the Strategy 2020 cofinancing targets. The annual quadrilateral meetings between ADB, Australian Agency for International Development, New Zealand Aid Programme, and World Bank will continue, as will close engagement with key regional development agencies and efforts to strengthen other partnerships and to establish new development partnerships.

## **II. INDICATIVE RESOURCE PARAMETERS**

5. The proposed annual lending program is about \$25 million and the nonlending program is about \$5.6 million for 2010–2013. Cofinancing will be actively sought to augment the proposed lending and nonlending programs.

## **III. SUMMARY OF CHANGES TO LENDING AND NONLENDING PROGRAMS**

6. The lending and nonlending programs are fully realigned with the Pacific Approach. The programs are also prioritized to reflect (i) progress in the sector, (ii) ADB's comparative strengths, and (iii) complementarity with other development partners.

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<sup>1</sup> ADB. 2009. *ADB's Approach to Assisting the Pacific (2010-2014)*. Manila.

<sup>2</sup> ADB. 2008. *Strategy 2020. The Long-Term Strategic Framework of the Asian Development Bank, 2008–2020*. Manila.

<sup>3</sup> Pacific Islands Forum Secretariat. *The Pacific Plan*. 2005.

7. **Lending Program.** The future viability of Pacific island economies will largely hinge on their ability to overcome disadvantages arising from their geographical isolation and small size. During the program period, ADB will support PDMCs in improving their regional connectivity. ADB is already supporting cross-border trade and management between Papua New Guinea and Indonesia, and Timor-Leste and Indonesia. Recent developments in ICT offer an opportunity to overcome some disadvantages of isolation. Three ICT projects are newly included to support regional connectivity through submarine cables. Low electricity access is a serious threat to achieving the Millennium Development Goals in the Pacific. Also, heavy reliance on imported diesel contributes to a significant drain on limited foreign reserves. The Expansion of Mini-Hydropower in the Pacific project is included in the 2012 program to support development of renewable energy. Lack of adequate human resources is one of the key development constraints in the Pacific. To foster higher education and training, the Higher Education project with the University of the South Pacific is included in the 2011 program.

8. **Nonlending Program.** The 2010–2013 nonlending program will focus on strengthening core government functions,<sup>4</sup> climate change, gender development, and private sector development. Three project preparatory TAs for the Pacific Regional ICT Connectivity Project and the Expansion of Mini-Hydropower in the Pacific are newly included to support regional ICT connectivity and development of renewable energy. A new TA, the Developing Greater Capacity for Policy Formulation and Implementation project, will address concerns over lack of policy making capacity. Institutional capacity for gender mainstreaming within PDMC governments will be supported through a new TA, the Promoting Evidence-Based Policy Making for Gender Equity project. A supplementary TA for the Private Sector Development Initiative is also included to provide additional funds to finance three microfinance related assessments in Fiji Islands.

9. ADB will continue to support regional organizations such as the Pacific Aviation Safety Office, the Pacific Regional Audit Initiative, and the Pacific Financial Technical Assistance Centre in the public sector management area. The nonlending program also includes support for establishing regional common services in the areas of statistics, economic management, and ICT regulation.

10. To continue addressing climate change, which remains a great challenge for the region, the Strengthening the Capacity of Pacific Developing Member Countries to Respond to Climate Change, Strengthening Climate Risk and Resilience Capacity of PDMCs (Phase 1 and 2), and Coral Triangle Initiative (Phase 2) are all newly included in the program. To promote energy efficiency, new TAs, the Promoting Energy Efficiency and Upscaling Energy Efficiency projects are also added.

11. In the previous ROBP, in the 2010 program, the Strengthening of Civil Society Participation in Development in the Pacific and Strengthening Social Protection in PDMCs through Regional Approaches projects were renamed as Promoting Public-Community Partnerships in Public Services Delivery and Social Protection of the Vulnerable in the Pacific. The follow-up TA for the Leadership Enhancement and Advancement Program has been dropped as other development partners are funding this.

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<sup>4</sup> Core government functions are policy formulation, revenue generation and budget management, and meritocratic civil service management.

## UPDATED REGIONAL BUSINESS PLAN RESULTS FRAMEWORK, 2010–2013

Pacific Plan Development Goals				Changes from last ROBP
Based on the leaders' vision and other decisions relating to its implementation, the goal of the Pacific Plan is to enhance and stimulate economic growth, sustainable development, good governance, and security for Pacific countries through regionalism. To meet this goal, the Pacific Plan's strategic objectives are (i) economic growth, (ii) sustainable development, (iii) good governance, and (iv) improved political and social conditions for stability and safety.				The new ROBP is more aligned than the earlier ROBP with the development goals of the Pacific Plan, as these have developed since 2005, as well as with ADB's Strategy 2020 as described in ADB's Approach to Assisting the Pacific (2010-2014).
Sectors Selected by ADB				
Regional Objectives	Sector Outcomes that ADB Contributes to and Indicators	ADB Areas of Intervention	ADB Indicative 5-Year Resource Allocation and Thematic Priorities	Changes from last ROBP
<b>1. Transport and ICT</b>				
Improved efficiency and effectiveness of infrastructure development and associated service delivery	Investment and knowledge support for better transport and ICT infrastructure development and service delivery made widely available to Pacific DMC stakeholders (indicator: PRIF/PIAC, and PASO provide high-quality technical and policy advice)  Improved domestic and international accessibility to rural produce and commodities and low-cost reliable communications (indicator: additional transport and communication system connections in the Pacific: roads built or upgraded [km], wharves built or upgraded [number], decrease in communication service cost, beneficiaries from projects [number])	PRIF, PIAC, PASO  2010 Fiji–Tonga Submarine Cable Project  2012 Second Phase of Regional ICT Connectivity Project  2011 Strengthening Regulatory Capacity for ICT Development in the Pacific TA  2013 Third Phase of Regional ICT Connectivity Project	\$145.4 million  RCI – 100%	PIAC established  New ICT projects and TA  Continued support of PRIF and PASO, and for regional trade
<b>2. Public Sector Management and Governance</b>				
Improved transparency	Public accounts of participating	PRAI, PEM, PFTAC	\$13.4 million	New PEM TA

Sectors Selected by ADB				
Regional Objectives	Sector Outcomes that ADB Contributes to and Indicators	ADB Areas of Intervention	ADB Indicative 5-Year Resource Allocation and Thematic Priorities	Changes from last ROBP
<p>and accountability in managing and using public resources</p> <p>Strengthened capacity to manage for inclusive economic growth, improve public sector economic and fiscal management and regulation, and formulate and analyze policy</p> <p>Strengthened operations of civil society</p>	<p>countries are audited in a timely manner to uniformly high standards, with enhanced audit impacts and improved audit capability</p> <p>Improved economic policies adopted as recorded in annual CPA ratings</p> <p>Increased incidence of public–community partnerships in delivery of public services</p>	<p>TA to promote public–community partnerships in public services delivery</p> <p>Policy formulation and statistics TA</p> <p>Social Protection of the Vulnerable in the Pacific</p>	<p>RCI – 100%</p>	<p>Continued support of PFTAC and PRAI</p> <p>Continued statistics focus</p> <p>Continued support to civil society engagement</p> <p>Dropped Leadership Enhancement and Advancement Program TA because other development partners are providing assistance.</p> <p>Brought MfDR under this sector</p>
<b>3. Gender</b>				
Improved gender equality and women's empowerment	<p>Improved enabling environment for gender mainstreaming in Pacific DMC governments as recorded in annual CPAs</p> <p>Improved technical capacity for gender analysis and policy development in Pacific DMC governments</p>	Promoting Gender Equity and Empowerment of Women in the Pacific	<p>\$1.2 million</p> <p>GEN – 100%</p>	New TA Promoting Evidence-Based Policy Making for Gender Equity
<b>4. Energy</b>				
Increased efficiency of energy use, increased access to renewable energy, and improvements in demand-side energy management practices	Improved energy security (proportion of energy imported), increased deployment of renewable energy, greater affordability of energy services (power tariffs, \$/kWh), and reduced greenhouse gas emissions from the power sector (tCO <sub>2</sub> /MWh)	<p>Implementation of GEF-cofinanced initiative to increase energy efficiency in the Pacific region</p> <p>Promotion of renewable energy</p>	<p>\$37.7 million</p> <p>ENV – 50%</p> <p>RCI – 50%</p>	<p>Expansion of Mini-Hydropower</p> <p>New TAs promoting energy efficiency</p>

Sectors Selected by ADB				
Regional Objectives	Sector Outcomes that ADB Contributes to and Indicators	ADB Areas of Intervention	ADB Indicative 5-Year Resource Allocation and Thematic Priorities	Changes from last ROBP
		Promotion of mini-hydropower		
<b>5. Climate Change</b>				
Reduced vulnerability of Pacific DMCs to risks and impacts of global climate change	Continued economic growth in the face of global climate change	<p>Strengthening the Capacity of Pacific Developing Member Countries to Respond to Climate Change, Phase 1 (Supplementary)</p> <p>Strengthening Climate Risk and Resilience Capacity of Pacific DMCs (Phase 1 and 2)</p> <p>Coral Triangle Initiative Phase 2</p>	<p>\$39.3 million</p> <p>ENV – 100%</p>	<p>Pacific Climate Change Program established</p> <p>Three-pronged climate change strategy developed</p> <p>Priority climate adaptation and mitigation programs being prepared for implementation at regional level, such as Coral Triangle Initiative and Pilot Program for Climate Resilience</p>
<b>6. Private Sector Development</b>				
Increased private sector participation in and contribution to development in the Pacific region	Pacific island governments implement strategies and measures, and project designs for an improved business enabling environment	PSDI (supplementary)	<p>\$4.6 million</p> <p>PSD – 100%</p>	<p>Continued support to PSDI</p> <p>Fiji Islands microfinance assessments</p>
<b>7. Education</b>				
Improved access to and quality of education	Improved education, infrastructure, and learning materials and school management	<p>Supporting Higher Education Loan</p> <p>Implementing Demand-Based TVET</p>	<p>\$22.0 million</p> <p>RCI – 100%</p>	New Higher Education project with the University of the South Pacific

ADB = Asian Development Bank, CPA = country performance assessment, DMC = developing member country, ENV = environment, GEF = Global Environment Facility, GEN = gender, ICT = information and communication technology, kWh = kilowatt-hour, MfDR = managing for development results, MWh = megawatt-hour, PASO = Pacific Aviation Safety Office, PCCP = Pacific Climate Change Program, PEM = Pacific Economic Management, PFTAC = Pacific Financial Technical Assistance Centre, PIAC = Pacific Infrastructure Advisory Center, PRAI = Pacific Regional Audit Initiative, PRIF = Pacific Region Infrastructure Facility; PSD = private sector development, PSDI = Private Sector Development Initiative; RCI = regional cooperation and integration, ROBP = regional operations business plan, tCO<sub>2</sub> = total carbon dioxide, TA = technical assistance, TVET = technical and vocational education and training.

Source: Asian Development Bank.



**LIST OF LINKED DOCUMENTS**

(<http://www.adb.org/Documents/COBP/?id=PARD-2010>)

1. ADB's Approach to Assisting the Pacific 2010-2014
2. Pacific Islands Forum Secretariat, The Pacific Plan 2005

## INDICATIVE ASSISTANCE PIPELINE

**Table A3.1: Indicative Assistance Pipeline for Lending Products, 2010-2013**

Project/Program Name	Sector	Targeting Classification	Primary Theme	Division	Year of PPTA	Cost (\$ million)						
						Total	OCR	ADB		Total	Gov't	Co-finance
								ADF				
								Loans	Grants			
<b>2010</b>												
Fiji–Tonga Submarine Cable Project	Transport and ICT	GI	RCI	PAHQ	2010	34.00	0.00	0.00	9.70	9.70	0.00	24.30
<b>Sub-total</b>						<b>34.00</b>	<b>0.00</b>	<b>0.00</b>	<b>9.70</b>	<b>9.70</b>	<b>0.00</b>	<b>24.30</b>
<b>2011</b>												
Supporting Higher Education in the Pacific	Education	GI	GRO	PAHQ	2009	20.00	0.00	0.00	19.00	19.00	1.00	TBD
<b>Sub-total</b>						<b>20.00</b>	<b>0.00</b>	<b>0.00</b>	<b>19.00</b>	<b>19.00</b>	<b>1.00</b>	<b>0.00</b>
<b>2012</b>												
Pacific Regional ICT Connectivity Project Phase 2 (Solomon and Vanuatu)	Transport and ICT	GI	RCI	PAHQ	2011	60.00	0.00	12.00	12.00	24.00	0.00	36.00
Expansion of Mini-Hydropower in the Pacific	Energy	GI	GRO	PAHQ	2011	30.00	0.00	5.00	20.00	25.00	5.00	0.00
<b>Sub-total</b>						<b>90.00</b>	<b>0.00</b>	<b>17.00</b>	<b>32.00</b>	<b>49.00</b>	<b>5.00</b>	<b>36.00</b>
<b>2013</b>												
Pacific Regional ICT Connectivity Project Phase 3 (Palau and Federated State of Micronesia)	Transport and ICT	GI	RCI	PAHQ	2012	45.00	0.00	10.00	10.00	20.00	0.00	25.00
<b>Sub-total</b>						<b>45.00</b>	<b>0.00</b>	<b>10.00</b>	<b>10.00</b>	<b>20.00</b>	<b>0.00</b>	<b>25.00</b>
<b>Total</b>						<b>189.00</b>	<b>0.00</b>	<b>27.00</b>	<b>70.70</b>	<b>97.70</b>	<b>6.00</b>	<b>85.30</b>

ADB = Asian Development Bank, ADF = Asian Development Fund, GI = general intervention, GRO = economic growth, ICT = information and communication technology, Gov't = government, OCR = ordinary capital resources, PAHQ = Pacific Operations Division, PPTA = project preparatory technical assistance, RCI = regional cooperation and integration, TBD = to be determined.

Source: Asian Development Bank.

Table A3.2: Indicative Assistance Pipeline for Nonlending Products and Services, 2010-2013

Assistance Name	Sector	Division	Assistance Type	Sources of Funding				
				ADB		Others		Total (\$'000)
				Source	Amount (\$'000)	Source	Amount (\$'000)	
<b>2010</b>								
Pacific Aviation Safety Office	Transport and ICT	PAHQ	CDTA	TASF	600.00			600.00
Capacity Strengthening and Institutional Development for Border Management and Trade and Tourism Development in the Pacific	Transport and ICT	PAHQ	CDTA	JSF	1,500.00	RCIF	1,000.00	2,500.00
Developing Greater Capacity for Policy Formulation and Implementation in the Pacific	Public Sector Management	PAOD	CDTA	Trust Fund	1,000.00			1,000.00
Implementing the Pacific Regional Audit Initiative in Pacific Island Countries	Public Sector Management	PAHQ	CDTA	Trust Fund	1,400.00			1,400.00
Promoting Public-Community Partnerships in Public Services Delivery in the Pacific	Public Sector Management	PAHQ	CDTA	TASF	1,000.00			1,000.00
Building Capacity for Statistics in the Pacific	Public Sector Management	PAHQ	CDTA	Trust Fund	1,000.00			1,000.00
Pacific Economic Management, Subproject 2	Public Sector Management	PAHQ	PATA	TASF	1,000.00			1,000.00
Promoting Energy Efficiency in the Pacific (Supplementary)	Energy	PAHQ	CDTA			GEF	200.00	200.00
Upscaling Energy Efficiency in the Pacific	Energy	PAHQ	CDTA	TASF	1,000.00	GEF	5,255.00	6,255.00
Strengthening the Capacity of Pacific Developing Member Countries to Respond to Climate Change (Supplementary)	Climate Change	PAHQ	CDTA			ACEF	1,500.00	1,500.00
Strengthening Climate Risk and Resilience Capacity of Pacific DMCs (Phase 1)	Climate Change	PAHQ	CDTA			PPCR CIF	1,500.00	1,500.00
Strengthening Coastal and Marine Resources Management in the Coral Triangle of the Pacific (Phase II)	Climate Change	PAHQ	CDTA	TASF	800.00	RCIF/GEF/ AIMS	13,998.00	14,798.00
Private Sector Development Initiative (Supplementary)	Private Sector	PLCO	PATA			AUS	600.00	600.00
Promoting Evidence-Based Policy Making for Gender Equity in the Pacific	Gender	PAHQ	CDTA	TASF	1,200.00			1,200.00
<b>Sub-Total</b>					<b>10,500.00</b>		<b>24,053.00</b>	<b>34,553.00</b>
<b>2011</b>								
Pacific Regional ICT Connectivity Project Phase 2 (Solomon and Vanuatu)	Transport and ICT	PAHQ	PPTA			RCIF	1,000.00	1,000.00
Strengthening Regulatory Capacity for ICT	Transport and ICT	PAHQ	CDTA	TASF	1,500.00			1,500.00

Assistance Name	Sector	Division	Assistance Type	Sources of Funding				
				ADB		Others		Total (\$'000)
				Source	Amount (\$'000)	Source	Amount (\$'000)	
Development in the Pacific								
Pacific Financial Technical Assistance Centre, 2012-2014	Public Sector Management	PAHQ	CDTA	Trust Fund	1,000.00			1,000.00
Preparation for Expansion of Mini-Hydropower in the Pacific	Energy	PAHQ	PPTA	TASF	1,000.00	TBD	200.00	1,200.00
Strengthening the Capacity of Pacific Developing Member Countries to Respond to Climate Change, Phase 2	Climate Change	PAHQ	CDTA	Trust Fund	2,000.00	ACEF/TBD	13,000.00	15,000.00
<b>Sub-Total</b>					<b>5,500.00</b>		<b>14,200.00</b>	<b>19,700.00</b>
<b>2012</b>								
Pacific Regional ICT Connectivity Project Phase 3 (Palau and Federated State of Micronesia)	Transport and ICT	PAHQ	PPTA	TASF	800.00			800.00
Implementing Demand Based Technical and Vocational Education and Training Programs in the Pacific	Education	PAHQ	CDTA	TASF	2,000.00			2,000.00
Strengthening Public Financial Management in Pacific Developing Member Countries	Public Sector Management	PAHQ	CDTA	Trust Fund	1,500.00			1,500.00
Community-based Climate Change Adaptation and Disaster Risk Management	Climate Change	PAHQ	CDTA	Trust Fund	1,000.00	TBD	500.00	1,500.00
Pilot Program on Climate Resilience (PPCR), Phase 2	Climate Change	PAHQ	CDTA			PPCR CIF	5,000.00	5,000.00
Strengthening Access to Finance in the Pacific	Private Sector	PLCO	PATA		1,000.00	TBD	3,000.00	4,000.00
<b>Sub-Total</b>					<b>6,300.00</b>		<b>8,500.00</b>	<b>14,800.00</b>
<b>Total</b>					<b>22,300.00</b>		<b>46,753.00</b>	<b>69,053.00</b>

ACEF = Asia Clean Energy Fund, ADB = Asian Development Bank, AIMS = Australian Institute of Marine Sciences, AUS = Australia, CDTA = capacity development technical assistance, CIF = Climate Investment Funds, GEF = Global Environment Facility, ICT = information and communication technology, JSF = Japan Special Fund, PAHQ = Pacific Operations Division, PAOD = Office of the Director General, Pacific Department, PATA = policy and advisory technical assistance, PPCR = Pilot Program for Climate Resilience, PLCO = Pacific Liaison and Coordination Office, PPTA = project preparatory technical assistance, RCIF = Regional Cooperation and Integration Fund, TASF = Technical Assistance Special Fund, TBD = to be determined.  
Source: Asian Development Bank.

Table A3.3: Grant Projects, 2010

Assistance Name	Sector	Division	Assistance Type	Sources of Funding				Total (\$'000)
				ADB		Others		
				Source	Amount (\$'000)	Source	Amount (\$'000)	
2010								
Social Protection of the Vulnerable in the Pacific (Cook Islands, Marshall Islands, and Tonga)	Public Sector Management	PAHQ	Grant	JFPR	3,000.00			3,000.00
Social Protection of the Vulnerable in the Pacific (Samoa and Solomon Islands)	Public Sector Management	PAHQ	Grant	Trust Fund	2,500.00			2,500.00
Total					5,500.00			5,500.00

ADB = Asian Development Bank, PAHQ = Pacific Operations Division, JFPR = Japan Fund for Poverty Reduction.

Source: Asian Development Bank.