

COUNTRY PARTNERSHIP STRATEGY SUMMARIES: FIJI, PAPUA NEW GUINEA, AND TIMOR-LESTE

A. Fiji

1. The Fiji country partnership strategy (CPS), 2014–2018 positions the Asian Development Bank (ADB) to reengage quickly and fully with the government to help Fiji overcome its key development challenges. The CPS aims to raise Fiji's growth potential by encouraging private investment, and make growth more inclusive and improve service delivery while reducing volatility and building resilience. It mainstreams governance and capacity development, disaster risk management and climate resilience, gender equity, and regional cooperation and integration as the drivers of change across its investment and policy engagement with government.

2. An estimated \$350 million in ordinary capital resources financing is envisaged during the 2014–2018 CPS period, supported by technical assistance (TA) resources (\$1.5 million per year) and regional funding as required. ADB envisages significant cost sharing with the government as well as cofinancing from other development partners.

3. Following a request from government for ADB to support critical infrastructure development, the CPS focuses on the provision of transport, water, and energy infrastructure, as well as on improving public sector management (PSM). The program to date includes

- (i) a \$100.0 million transport sector project approved by the Board in December 2014 (with an additional \$50.0 million in cofinancing from the World Bank);
- (ii) a project design advance of \$2.7 million approved in December 2015 to prepare a \$220.0 million urban water and wastewater management project scheduled for Board approval in November 2016 (cofinanced by the European Investment Bank, the Green Climate Fund, and the government); and
- (iii) following a devastating cyclone in February 2016, provision by ADB of a \$2.0 million Asia–Pacific Disaster Response Fund grant and preparation of a \$50.0 million emergency assistance loan for Board approval on 30 June 2016. ADB is also currently providing TA to the transport (roads and ports) and energy sectors.

B. Papua New Guinea

4. The Papua New Guinea CPS, 2016–2020 will assist the government in planning and implementing a successful conversion of the country's resource wealth into inclusive and environmentally sustainable economic growth. The CPS supports (i) the government's Development Strategic Plan, 2010–2030, which aims to extend economic growth benefits to the most disadvantaged regions and communities through a more effective transport and utilities network, and quality education and health services; and (ii) the National Strategy for Responsible Sustainable Development, 2010–2030, which emphasizes reduced reliance on nonrenewable resource extraction, and the development of environmentally sustainable industries and low-carbon technologies in pursuing a more inclusive economic growth path.

5. ADB is supporting more inclusive economic growth through investing in transport and energy; lowering business and trade costs; and increasing job and livelihood opportunities, particularly in agriculture. Most of the indicative resources for the 2016–2018 assistance programs have been allocated to the transport sector, split evenly between land transport (including roads and bridges) and civil aviation. The remainder of the program has been allocated for energy sector investments; rural primary health; water, sanitation, and hygiene

activities; and PSM. The majority of this lending assistance program is expected to be delivered through multitranche financing facilities.

6. ADB will also support regional cooperation and integration by improving domestic and regional connectivity, facilitating access to markets, and providing targeted knowledge solutions to influence trade policy. Underpinning these activities will be continued efforts to improve PSM, including support for state-owned enterprise reform and improvements in the business legal environment, competition policy, and access to finance initiatives, particularly for women, to improve business conditions and create jobs. The CPS will support more transparent and accountable budgeting practices, with an emphasis on natural resource revenue management and improved infrastructure budgeting and coordination.

C. Timor-Leste

7. The Timor-Leste CPS, 2016–2020 will help address the core challenge of leveraging limited financial and nonrenewable resources to develop a sustainable non-oil economy. The strategy will support inclusive growth and economic diversification by helping to remove infrastructure bottlenecks and institutional constraints, and investing in human capital. It is aligned with Timor-Leste's Strategic Development Plan, 2011–2030 and builds on the country's achievements in peace and stability.

8. The strategy focuses on national priorities where ADB has a clear comparative advantage. ADB will work with the government and other development partners to ensure that new infrastructure for transport, energy supply, and urban services is appropriately scaled. ADB will help to ensure that services are delivered with improved efficiency, cost recovery, and sustainable operation and maintenance to expand access to key services while ensuring fiscal sustainability. Climate proofing of new infrastructure and increased use of renewable energy resources will support environmental sustainability. Support for education will be broadened to address skills shortages and expand opportunities for Timorese citizens. Economic diversification will be supported through targeted knowledge to improve the business enabling environment, expanded access to financial services, and strengthened links with regional and global markets. Sector programs will be designed to leverage private sector expertise and support growth of the non-oil economy by focusing on the binding constraints on economic diversification.

9. While further investments in road transport are planned, the proportion of the portfolio allocated to this subsector will decline as investment in other sectors is scaled up. Substantial investments are planned for improved water supply and municipal services in Dili and other urban centers. Support for a new policy and regulatory framework in the energy sector will be followed by a loan-financed investment to improve operational efficiency and financial performance, and to expand access. In the education sector, ADB will help develop a policy framework for technical education and support links between training providers and employers. ADB will mobilize grant financing to support education and will consider providing loan financing for the sector if requested. ADB TA will provide knowledge support to ADB's sector operations, while regional TA programs will support trade facilitation, private and finance sector development, and economic policy.