



## PACIFIC REGION INFRASTRUCTURE FACILITY

*A partnership for better infrastructure  
services in Pacific Island Countries*



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## PRIF NEWSLETTER

Issue 3, July 2010

Dear Colleagues,

Through this newsletter, we wish to bring you up to date with PRIF's work and also invite your comment and feedback on its activities. We intend to provide a newsletter every three months and encourage you to share these with your colleagues. To subscribe/unsubscribe to the PRIF newsletter, or to provide any comments or feedback please contact the PRIF Secretariat on [secretariat@theprif.org](mailto:secretariat@theprif.org) or telephone +61 2 9235 6571.

### Launch of the PRIF Website

The PRIF website has just been launched and can be viewed at <http://www.theprif.org>. The website provides information about PRIF – its goals, governance structure and types of assistance, updates on PRIF activities, PRIF newsletters, forms and factsheets, and a range of key documents and links to sources of information about infrastructure in the Pacific to help users identify existing resources. We welcome your feedback on the website via email to the Secretariat at [secretariat@theprif.org](mailto:secretariat@theprif.org).

### PRIF Design and Management Unit

Following the PRIF Design workshop with representatives from Pacific island countries in Brisbane in August 2009, the PRIF Design Document was finalised and underwent an Appraisal Peer Review process in November 2009. The Design Document was endorsed by the PRIF partners in December 2009 and work is currently underway to establish a PRIF Management Unit to continue to support Facility operations and provide:

1. Advisory services – technical assistance to Pacific island countries for sector planning, policy, regulatory and institutional reforms, capacity development, technical assistance, activity development, and brokerage of investment activities.
2. Knowledge hub – coordinate and communicate information on infrastructure activities in the Pacific and good practice via networking, analysis and database management.
3. Coordinated assistance – supporting the PRIF partners in bringing together support from multiple development agencies to make assistance go further and make a bigger difference.

## Seeking PRIF assistance

PRIF provides a range of assistance to Pacific island countries related to infrastructure services including:

- Advisory and technical assistance - through the Pacific Infrastructure Advisory Centre (PIAC)
- Investment in infrastructure projects – through each of the PRIF partners.

Assistance has proven to work best where there is:

- A single government agency responsible for coordination of other infrastructure agencies and for contact with PRIF development partners on their infrastructure needs;
- A process to determine infrastructure priorities that will lead development partners; and
- A roadmap for future investment in economic infrastructure.

Countries can request PRIF assistance through PIAC to help them develop these processes, priorities and roadmaps.

## Update on PIAC's work

The Pacific Infrastructure Advisory Centre (PIAC) is the main contact point for discussions on PRIF assistance. Once established the PRIF Management Unit will take over the functions of PIAC. In the interim, PIAC provides technical assistance for advisory and project preparatory support to partner countries. PIAC provides practical support to partner countries in the form of: analytical studies and research, policy advice, preparation of technical assistance (TA) and investment proposals, asset and utility management, capacity building and institutional strengthening support, and coordination and harmonisation of external assistance provided by PRIF partners and regional organisations. PIAC has four staff – Mr John Austin (Manager), Mr Jan Overbeek (Deputy Manager), Ms Cori Yap (Research Officer), and Ms Nina Mines (Operations Officer).

PIAC has engaged with all countries covered by PRIF to inform them of the services offered. Following discussions with country government officials, PIAC has received 30 requests for assistance to date and has progressed some of these requests into TA projects as follows:

- Federated States of Micronesia – Pohnpei Port Scoping Study
- Kiribati – Action Plan for Water and Sanitation for South Tarawa
- Tonga – National Infrastructure Investment Plan

PIAC is currently assessing country proposals submitted for possible assistance or providing support in the preparation of the following TA concept papers:

- Nauru – Infrastructure Strategy and Investment Plan
- Samoa – Infrastructure Strategic Plan
- Solomon Islands – Options for Commercialisation and Business Sustainability of the Solomon Islands Water Authority
- Tuvalu – Improving Reliable Access to Modern Energy Services through Solar Photovoltaic Systems for the Outer Islands of Tuvalu
- Tuvalu – Use of Renewable Energy for the Country's Telecommunication Network

In addition, PIAC has initiated performance benchmarking for utilities in the power and water sectors of Pacific island countries. A framework for benchmarking is being developed in close coordination with the PRIF partners, regional organisations such as the Secretariat for the Pacific Community (SPC), Pacific Islands Applied Geoscience Commission (SOPAC), Pacific Power Association (PPA), Pacific Water and Wastes Association (PWWA), and power and water utilities in Pacific island countries. PIAC is also working with the PRIF Secretariat, PRIF partners, partner country governments and regional organisations on developing Pacific Infrastructure Performance Indicators (PIPIs) for PRIF's Monitoring and Evaluation framework.

For further information on PIAC's work and to place requests for technical and advisory assistance, visit the website or contact PIAC at [piac@theprif.org](mailto:piac@theprif.org).

## Update on PRIF Activities

All PRIF activities are developed following requests from Pacific island countries. Where appropriate, activities adopt a sector-based approach to integrate capital and maintenance work within a sensible policy framework. They also include measures to adapt to climate change, improve local capacity and improve the sustainability of assets through improved operations and maintenance. Following is a progress update on each sector.

### Energy

The PRIF partners are working with other development partners and organisations in the region to provide support for increased and equitable access to reliable and affordable energy. This includes exploring options for extensions to existing networks and supporting off-grid solutions for local generation that can provide rural populations with reliable access to energy.

Support for the World Bank-led *Energising the Pacific* initiative has been coordinated through PRIF. This initiative has established a forum for donor coordination for more effective programming of energy sector assistance in the Pacific. For further information please see the **Activity in Focus** section of the newsletter. The ADB activity - *Up-scaling Energy Efficiency in the Pacific* - will be closely coordinated with *Energising the Pacific* and is designed to promote least-cost approaches to energy security through energy efficiency and conservation measures.

Through *Energising the Pacific*, PRIF is also supporting the Government of Tonga to prepare the *Tonga Energy Roadmap 2010-2020*. This support will help identify options for the Government of Tonga to reduce Tonga's vulnerability to oil price shocks, increase the proportion of its grid-based electricity supply from renewable energy sources, achieve greater efficiencies, lay the foundations for greater investment in the sector, and achieve an increase in quality access to modern energy services in an environmentally sustainable manner. The Government is using the Roadmap to coordinate donor support and make better use of available resources.

In Tuvalu, the New Zealand Aid Programme is assisting with the establishment of a Renewable Energy and Energy Efficiency Unit (REEEU) within the Tuvalu Electricity Corporation (TEC). The aim of this Unit is to help Tuvalu reduce its dependence on imported diesel, reduce carbon emissions, improve the efficiency of power generation and supply, increase the operational effectiveness of the TEC, and develop a plan for infrastructure development for greater use of solar and wind based energy generation.

In Solomon Islands, AusAID, the European Investment Bank, IFC and the World Bank are working together with the Solomon Islands Government in the preparation of the *Tina River Hydro Project*. The activity includes background studies and specific assistance to develop a smaller scale hydropower scheme (20-22 MW) to replace a significant share of the diesel-powered generation in Honiara.

In Kiribati, the World Bank has commenced preparation of the *Kiribati Grid-Connected Solar PV Project* to reduce the country's dependence on imported petroleum for power generation, improve energy security, and reduce the cost of electricity. The World Bank is also undertaking the *Petroleum Supply Chain Study for Tonga and Micronesia* which aims to develop a range of options for reducing Tonga and Micronesia's vulnerability to petroleum price volatility by improving the efficiency of their fossil fuel supply chains and fuel pricing arrangements.

In Vanuatu, AusAID is leading the preparation of a *Power Access Program* which aims to increase access to power in rural areas and coordinate closely with ongoing World Bank-led work with the Utilities Regulatory Authority to regulate the energy sector.

### **Telecommunications**

PRIF is working with Pacific island countries to build on existing good work in telecommunications across the Pacific. The World Bank is providing assistance in the telecommunications sector through the *Pacific Regional Telecommunications Regulatory Resource Centre* and the *Pacific Regional Connectivity Project* which includes detailed assessments of potential connectivity options to strengthen the communications backbone of the Pacific region including satellite or submarine cable options. The World Bank is also planning a *Tonga-Fiji Connectivity Project* which builds on analytical work supported by PRIF on submarine cable connectivity, including on the proposed Tonga-Fiji cable. This activity will support the regulatory TA component of the proposed project aimed at improving the enabling environment for telecommunications and ICT in Tonga. Where private sector participation opportunities arise through PRIF, the IFC have the capacity to respond to emerging transactions.

In Kiribati, the World Bank is providing advisory assistance to the government on telecoms policy and regulation and the transition to a new market structure. In Solomon Islands, the World Bank is providing a program of support to the telecommunications sector including assistance for the appointment of a Telecommunications Commissioner to support the necessary regulatory parameters for the sector and support to Solomon Telekom Ltd regarding its community service obligations.

### **Transport**

PRIF is involved in long-term transport infrastructure support in Samoa, Solomon Islands, Tonga, and Vanuatu. In Samoa, PRIF partners helped respond to the 2009 earthquake and tsunami through the rehabilitation of more than 30km of roads and 6km of damaged seawalls. Phase 2 of the World Bank-led *Samoa Infrastructure Asset Management (SIAM) Project* is supported by PRIF and involves investment in infrastructure and management systems to increase the sustainability and resilience of communities to natural disasters and includes specific transport works following the 2009 tsunami.

In Solomon Islands PRIF partners are supporting long term transport sector activities which have let contracts for the maintenance of over 140km of roads across 3 provinces, and have started significant

rehabilitation of bridges following flooding in 2009 and 2010. Assistance is focused on rehabilitating and improving maintenance of high-priority sections of the transport network and helping to ensure reliable access to transport services. It will also include a greater focus on building domestic private sector capacity to undertake maintenance and rehabilitation.

In Tonga, PRIF is currently providing a long term program of support to the transport sector. The World Bank-led *Tonga Transport Consolidation Project* will improve policy, planning and regulation across land, air and sea transport.

In Vanuatu, PRIF has initiated the *Vanuatu Transport Sector Support Program*. This program will work with the Government to strengthen systems to finance and manage infrastructure works and ensure a more reliable and maintained transport system. The program will also enhance local employment opportunities for men and women through the use of labour-based appropriate technology.

### **Water, Sanitation and Solid Waste Management**

Increasing levels of support will be required to assist Pacific island countries achieve the Millennium Development Goal (MDG) target of halving the number of people without access to safe drinking water by 2015. PRIF partners are providing support for water and sanitation by building on and improving sectoral support in urban areas of Kiribati, Samoa, and Vanuatu.

In Kiribati, the New Zealand Aid Programme is leading the *Kiribati Sustainable Towns Programme* which aims to develop a sector-wide model for urban development and management that suits Kiribati's specific context. This activity provides a range of assistance, particularly in the water and sanitation sub-sector.

In Samoa, the ADB-led *Urban Water Supply and Sanitation Sector Project* is preparing a national sanitation master plan for the development of sustainable wastewater systems and an integrated master plan for water, sanitation and drainage for the greater Apia area.

In Vanuatu, ADB is leading the *Port Vila Urban Planning and Management Program* which is aimed at providing affordable, sustainable, and effective drainage and sanitation services to residents of Port Vila and surrounding areas, including those living in informal settlements.

On behalf of the PRIF partners, PIAC is also undertaking analytical work in the water and sanitation sector to help determine how best to increase assistance in this sector.

For more information about PRIF activities please visit the PRIF website at <http://www.theprif.org/activities/all> or feel free to email the Secretariat at [secretariat@theprif.org](mailto:secretariat@theprif.org).

## Activity in Focus – Energising the Pacific

This initiative, led by the World Bank, aims to promote strategic development of the electricity sectors in Pacific island countries to improve energy security, reliability and access. The overall goal is to ensure that economic and social development is not constrained by inadequate or unsustainable energy systems. There are a range of energy sector issues across Pacific island countries including:



- heavy reliance on imported petroleum for power generation which makes countries vulnerable to budget shocks and balance of payment problems resulting from oil price shocks;
- costly and sometimes unreliable electricity supply which negatively impacts on the competitiveness of existing private sector and deters new business and investment;
- low access to electricity in rural areas which limits economic activities, quality of social services and improvements in quality of life.

This initiative is based on two key principles:

- Build on what is already in place; and
- Undertake necessary data gathering, analysis and planning studies *in parallel* with implementing urgent investments.

The initial focus of the initiative is on policy and planning to identify priorities, address barriers and prepare investments. Subsequent stages will support the investments identified as a result of least-cost planning, taking into account risks associated with heavy reliance on imported petroleum for electricity generation.

Fundamental to the initiative is improved development partner coordination which has been enhanced with quarterly meetings of the Energy Development Partners Working Group (EDPWG), formalised in early 2009. The members of this group include multi- and bi-lateral agencies active in the energy sector in the Pacific as well as representatives from Pacific regional organisations with an interest in energy sector issues. This is an important forum for exchange of information and ideas.

Across PICs, some key areas that the group is working on are:

- Improved efficiency in petroleum supply chain and consideration of price risk management strategies;
- Improved efficiency of utility operations;
- Sector frameworks detailing: institutional strengthening, least cost planning, and investments to increase both on-grid and off-grid electricity supply reliability and access;
- Improved regulation of private sector energy operations;
- Opportunities for development assistance to help expand private sector participation in existing as well as new geographic markets; and
- Coordinated development partner support and help in the energy sector-wide planning and policy development.

The process of developing the Tonga Energy Roadmap (TERM) is an example of the early stages of the initiative. Implementation of the TERM, with coordinated support from a wide range of development partners, is set to begin in the coming year. Initial discussions are underway with the Governments of Kiribati and Vanuatu to embark on a similar process, under the framework of the *Energising the Pacific* initiative.

For more information about this initiative please feel free to contact the Secretariat at [secretariat@theprif.org](mailto:secretariat@theprif.org).