



Strategic Review of the Pacific Region Infrastructure Facility (PRIF)

FINAL Report

Prepared by: James Adams
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EXECUTIVE SUMMARY

This study assesses the development impact and effectiveness of the Pacific Region Infrastructure Facility (PRIF) and provides suggestions on potential future directions of this organization. This work was carried out by consulting with PRIF Members and other stakeholders on a range of key strategic issues.

Consolidated into its present organizational arrangements in 2013, PRIF has established a clear record of performance. Its membership has expanded and now almost all major donors to Pacific infrastructure are Members. A central focus of its efforts has been its work on improving donor cooperation across the Pacific. Holding regular meetings with key Pacific donors and developing and expanding a network of Sector Working Groups (SWGs) that cover all key infrastructure topics, the PRIF framework has ensured that donor behavior is more consistent and constructive in the Pacific. Duplication of work has been reduced, opportunities for joint work have been identified and exploited and a more open and cooperative donor environment has been established. This report concludes that in its totality this work qualifies as a “best practice” in respect to aid effectiveness in low-income countries

In parallel with its work on aid effectiveness, PRIF has established a robust record of delivering knowledge products focused on key infrastructure issues in the Pacific. Its work with Pacific Island Countries (PICs)¹ on infrastructure planning and the preparation of National Infrastructure Investment Plans (NIIPs) has contributed to the development of useful long-range infrastructure plans. Expanding over time, this work now covers most of the countries in the region. A second focus of PRIF knowledge work, on maintenance and asset management, has underlined the importance of increased attention and expenditures on those issues. Third, PRIF has supported a series of benchmarking reports in the power and water sectors, working closely with regional agencies, and has completed broad benchmarking studies on infrastructure. This work has produced an impressive set of comparative data, facilitating the identification of best practices and problem areas. Finally, knowledge work has included studies on regional issues, on work that adapts global experience to the needs of the Pacific, and on work that addresses specific concerns of PRIF Members.

In both direct work with PIC counterparts and in producing knowledge products, PRIF staff and the consultants working on its products have provided extensive technical assistance (TA) to PICs. Appreciation for these efforts has been noted by country counterparts and in a number of cases, this work led to effective capacity building (CB) in the country and areas involved. In addition, in its work on data in benchmarking and under its many studies, its work with the Lowey Institute on developing a project database, and its document library, PRIF has made important contributions to improving the availability of infrastructure information on the Pacific.

This report argues that sustaining this range of work can be expected to continue to make important contributions to the expansion and improvement of infrastructure investments in PICs. At the same time, the significant increases in the pace of development activities in the Pacific associated with projected surges in infrastructure investments is expected to strain the capacity of PRIF to continue to respond as actively to the growing needs of PICs and its Members. To address this concern, the report makes a series of recommendations, summarized below.

¹ References to PICs in this report include only the countries that are formally focus countries of PRIF.

Recommendations on infrastructure advisory services and knowledge products:

PRIF should develop a long-term program of assistance to National Infrastructure Investment Plans (NIIPs):

- exploiting the potential advantages of infrastructure-wide NIIPs, while ensuring that the specific requests/priorities of PICs are respected.
- working closely with PICs to ensure NIIPs are updated on a regular basis.²

PRIF should complement future NIIP analyses by incorporating indicative costs / benefits assessments and relevant budget constraints:

- developing costs/benefits estimates (economic, social, environmental) of key projects listed in NIIPs.
- securing greater discipline on the overall size of investment programs in NIIPs by incorporating macroeconomic budget constraints.

PRIF's present role in project identification and its more restricted role in detailed project preparation is reasonable and should be maintained:

- continuing to work on identifying priority infrastructure investments and selectively contributing to initial work on project preparation.

PRIF should raise the profile of maintenance efforts across its portfolio:

- emphasizing maintenance needs in its work on NIIPs.
- considering benchmarking maintenance efforts across the Pacific.
- expanding work on asset management to support its efforts on maintenance.

PRIF should explore intensifying benchmarking efforts:

- existing PRIF benchmarking efforts should be continued.
- benchmarking additional infrastructure areas should be identified and pursued.

PRIF should continue to pursue analytic products which address issues facing infrastructure across the Pacific:

- prioritizing regional work, particularly region-wide studies on infrastructure activities that present issues common to a range of PICs.
- translating global experience into relevant technical advice for the Pacific is an asset that should be supported.
- continuing to play a role in disseminating work on issues its Members view as important (past examples include work on gender and disability, and sustainability).

Recommendations on PRIF's role in TA, CB and Data:

PRIF should actively support the role of the PRIF Coordination Office (PCO) staff and PRIF funded consultants in providing TA, supporting CB and in improving the quality of data on infrastructure:

- continuing TA to PICs in parallel with its work on knowledge products.
- exploiting opportunities to ensure PRIF supported work contributes to CB in the infrastructure sectors.

² The review of PRIF in 2013 and this Report developed a number of suggestions on how to increase the impact of NIIPs.

- continuing to give priority to PRIF efforts producing improved data on infrastructure in the Pacific.

Recommendations on key strategic areas and PRIF resources:

PRIF should actively support work on identifying appropriate opportunities for private sector support of infrastructure and on climate change related work:

- focusing on energy, ports, urban water and the possibility of developing payment systems.
- continuing to support analytical work that addresses the urgent challenges resulting from climate change.

PRIF should consider increasing the PRIF Coordination Office's (PCO) level of funding to respond to increases in its Member investments in PIC infrastructure:

- engaging Members on their willingness to increase PRIF funding in order to sustain its capacity to assist a rapidly expanding Pacific infrastructure program.

Recommendations on organizational and operational framework:

On administrative matters, the ADB should consider strengthening PCO staffing and contracting arrangements:

- moving to a longer-term budget horizon so that agreed annual budgets can be stabilized.
- allowing longer-term contracts for PCO staff.
- strengthening the technical expertise of PCO, particularly in the fields of economics and climate change.

PRIF formal membership should continue to be restricted to financing agencies:

- resulting in clarity and greater impact on its focus on aid coordination.
- securing focus on areas directly related to Member interest.
- ensuring that the aid effectiveness, technical and financial concerns of Members remain the central driving force for its work.

PRIF should promote itself more effectively at the international level, with PRIF Members, PIC governments, and at the regional level:

- preparing a short note on PRIF donor coordination activities to be submitted to OECD-DAC as a "best practice" example of aid effectiveness.
- engaging Member HQs more actively on PRIF results, visiting Asia Members annually, others biannually.
- reaching out to the Pacific Island Forum (PIF) Secretariat on the possibility of participating in an upcoming Forum Economic Minister's Meeting (FEMM).
- engaging senior PIC officials on individual country programs during country visits,
- arranging an annual meeting with key CROP agencies to present and discuss PRIF's current work program.

I. INTRODUCTION

PACIFIC INFRASTRUCTURE CHALLENGES AND THE EMERGENCE OF PRIF

Adequate and well-maintained infrastructure is a key feature of all successful economies. As the World Bank (WB) noted in its 1994 World Development Report:

“The adequacy of infrastructure helps determine one country’s success and another’s failure in diversifying production, expanding trade, coping with population growth, reducing poverty or improving environmental conditions. Good infrastructure raises productivity and lowers production costs, but it has to expand fast enough to accommodate growth . . . infrastructure capacity grows step for step with economic output – a 1 percent increase in the stock of capital is associated with a 1 percent increase in GDP across all countries.”³

On its part, the Asian Development Bank (ADB) has consistently highlighted the enormous infrastructure investment needs facing Asia. Underlining its commitment to allocate 70% of its financing to infrastructure, ADB noted:

“Poor infrastructure slows economic growth and limits the investment needed to create the jobs that lift people out of poverty. Bad roads, ports and airports stifle flows of people, goods and services. Inadequate water and sanitation prevent millions from leading healthy, productive lives.”⁴

As attention moves from these general messages to a focus on the issues facing building improved infrastructure in the Pacific, one quickly confronts a range of challenges. The Pacific Island countries (PICs) are remote with small populations, precluding economies of scale in infrastructure and ensuring high per capita costs. Their economies suffer from low incomes, limiting their capacity to borrow the funds required for major infrastructure investments. They also face frequent natural disasters and the impact of climate change, resulting in additional unplanned financial costs. At the same time, analysis has underlined that these circumstances alone do not fully explain the infrastructure failings in the Pacific - policy and institutional issues have also negatively affected performance.⁵ Reflecting these challenges, infrastructure services in the PICs lag well behind Asian averages and continue to face major policy and capacity issues. Recent ADB analytic work estimated that the Pacific would require \$3.1 billion annually to fully address its infrastructure needs.⁶

Clearly the provision of improved infrastructure in the Pacific presents an enormous development challenge. To respond to this, almost a decade ago the two major bilateral donors in the region (Australia and New Zealand) joined with the two large multilateral development banks (MDBs) involved in the Pacific (ADB and WB), to mount a cooperative effort directed at providing increased and better coordinated support for infrastructure in the Pacific. Funded initially with substantial bilateral financing, the Pacific Infrastructure Advisory Centre (PIAC) and the Pacific Region Infrastructure Facility (PRIF) were established, hosted respectively by the ADB and the

³ WB, Infrastructure for Development, 1994, p.2.

⁴ ADB, ADB’s Focus on Infrastructure, 2017.

⁵ WB, The Pacific Infrastructure Challenge, 2007, p.5.

⁶ ADB, Meeting Asia’s Infrastructure Needs, 2017, p.xi.

WB. In parallel with supporting these new entities, ADB and the WB committed to allocating significant additional resources to their lending programs in the Pacific.

From inception the management arrangements for this effort were reviewed regularly to secure efficient operations and ensure that a large percentage of its resources are allocated to substantive and relevant work. A key result of this focus on efficiency was the decision in 2013 to consolidate PRIF and PIAC, after which ADB took responsibility for overseeing the reorganized PRIF.⁷

Throughout their existence the various entities involved placed high priority on improving donor coordination and working on aid effectiveness issues. Regular meetings were held to reduce duplication and overlap among donors, agree on investment priorities and discuss key problems and constraints. A substantial analytic work program developed over time, focusing on the development of infrastructure investment plans, project identification and design, key issues facing infrastructure and a range of regional studies.

Membership in PRIF quickly expanded to include other donors to the Pacific - the European Union (EU), Japan International Cooperation Agency (JICA), European Investment Bank (EIB) and most recently the United States (US). Today PRIF includes almost all key donors in the region except China. China has been invited in the past to participate in PRIF work and has, on a number of occasions, sent representatives from its Canberra and Wellington embassies to the annual “Heptagon Meeting” of senior donor managers working on the Pacific.

PRIF’s work is actively managed. PRIF’s Senior Management Team (SMT), comprised of high-level Member representatives, meets annually to oversee PRIF performance and review its operational priorities. The PRIF Management Committee (PMC) comprised of management level representatives of Members, meets quarterly to provide more detailed oversight of the PRIF work plan, including vetting all major studies, and sets the agenda for the annual SMT. Sector Working Groups (SWGs), comprised of technical staff of the Members meet regularly to discuss emerging sector opportunities and issues, review technical work and focus on coordinating work across the Members. The strong Member ownership of PRIF is reflected in the active participation of the staff assigned to SWGs and the fact that the considerable costs of Member staff engagement in PRIF meetings is borne entirely by the Members themselves; the level of PRIF resources devoted to supporting these meetings is minimal in comparison.

Central to PRIF operations is the PRIF Coordinating Office (PCO), set up to support all PRIF work. The PCO staff coordinates SMT and PMC meetings, and works closely with SWGs on technical issues and donor coordination. The PCO produces Quarterly Progress Reports before all PMC meetings and distributes a concise annual summary of major PRIF activities. A multi-disciplinary team, PCO supervises the work on all PRIF knowledge products. PCO staff also provide significant levels of TA to the PIC staff engaged in PRIF products.

Since 2013 PRIF has cost a little over \$2 million per year. Initially largely funded by Australia and New Zealand, after ADB assumed responsibility for administering PRIF, it contributed \$2 million to PRIF’s budget. The EU and EIB have also expressed their willingness to provide financial support but technical issues have precluded finalizing this support (an issue that will be returned to below). Finally, the US has recently confirmed its willingness to provide \$2 million in support of PRIF.

⁷ The remainder of this paper will be referring to PRIF as consolidated and as supervised since 2013 by ADB.

While this financial support has provided adequate funds to fund robust PRIF programs, a review of PRIF annual budgets suggests three administrative constraints have affected PRIF performance. First, the practice of organizing funding in three-year tranches has resulted in an unfortunate pattern of unbalanced expenditures. The regular increases in PRIF operations that marked the 2013-2016 period were reversed in 2016 and 2017 when a new funding cycle began; they are only now rebounding in 2018. Second, the present policy of staffing PCO with annual contracts appears to have affected staff turnover in PCO, contributing to the budget underruns in 2016 and 2017. Finally, the reduction in PCO staff numbers since 2016 contributed to subsequent declines in expenditures.

There is also an issue of whether the substantial increases in funding for Pacific infrastructure (discussed below) would suggest that an increase in PRIF budget resources is timely. This issue will also be discussed later in this report.

II. KEY CONTRIBUTIONS OF PRIF

PRIF's work on infrastructure covers an impressive range of services. From its initiation it has worked on developing mechanisms to improve aid coordination and cooperation among its members. Second, it has funded an impressive number of knowledge products, including national infrastructure investment plans (NIIPs), work on project identification and development, work on maintenance and asset management, benchmarking analysis, adaptation work, regional studies and the analysis of issues important to PRIF Members. Finally, it has supported an active technical assistance (TA) program which provides direct technical support to the PIC countries.

In parallel with the PRIF work, the commitment of the MDBs to increase support for infrastructure in the Pacific has been realized. Since 2008 there has been a dramatic increase in ADB and WB funding made available to the PICs. Between FY2009-2013 and FY2014-2018 ADB's yearly lending program to the Pacific (which historically was larger and more widely spread across PICs than the WB's) increased from 10 projects per year to over 12 with annual funding doubling from an average of \$70.4 million to \$137.3 million. On the WB side the program grew from an average of less than 2 projects per year between FY2009 and 2013 to over 13 projects per year from FY2009-2014, with annual funding increasing from an average of \$36.5 million to \$158.42 million. A substantial majority of ADB and WB operations has involved lending for infrastructure, whether measured by project numbers or funding amounts. In addition to their own resources, both ADB and the WB have mobilized substantial co-financing from the Green Climate Fund (GCF). Today ADB is overseeing grant GCF funding totaling \$136 million and the WB is overseeing CGF grants of \$30 million and GCF concessional funding of \$70 million.

The following section reviews PRIF's work in key areas, summarizing its efforts on aid effectiveness, major types of knowledge products, TA, capacity building (CB) and data work.

A. Supporting Aid Effectiveness

From its inception, improved donor coordination has been a central focus of PRIF. Given the limited resources and capacity of the PICs, the donor community has placed a high priority on improving aid effectiveness in its infrastructure work. Eliminating duplication of effort, ensuring

greater consistency on policy and investment advice, simplifying procedures for the PICs and providing funding on a timely basis have been central to this thrust.

The regular meetings of all Member donors under the PRIF framework have resulted in more open and frank discussions of the key issues affecting PIC infrastructure programs. Improving cooperation on investment planning, addressing implementation challenges, seeking consensus on sector policy issues and exploiting CB opportunities have all been central to PRIF's work. With these efforts PRIF is playing an important role in making donor funding of infrastructure relevant and more efficiently delivered, thereby ensuring greater impact on service delivery and economic growth.

While all the PRIF management processes noted above have been directed at contributing to improved cooperation, the introduction and expansion of SWGs has had a particularly impressive impact. By gathering together technical staff involved in specific areas to regular meetings, the openness and quality of Member dialogue has increased, difficult issues have been more effectively addressed and the quality and consistency of donor advice has improved. Reflecting the utility of this instrument, over time additional SWGs were established to more effectively address specific issues; today there are seven active SWGs covering all the major infrastructure sectors (Transport, ICT, Energy, Water and Sanitation, Urban Development, Environment and Social Safeguards and Sustainable Infrastructure Management). The participation of technical staff from all Members in the SWGs is welcomed and having the leadership of the SWGs rotate among Members has ensured broad engagement in policy and operational dialogue.

ADB's role in administering the consolidated PRIF since 2013 deserves special mention. In addition to providing significant financial contributions to PRIF, ADB's Sydney Office has hosted the PCO and has been active and effective in supporting PRIF work. Particularly impressive, cooperation between ADB and the WB has been extensive, with no evidence of the competition and tensions that often mark MDB relationships. ADB and WB staff are actively cooperating on joint financing of infrastructure, including cable projects across the Pacific and in the road sector in Kiribati and Fiji. One recent result of their cooperation has been the procurement simplification under the jointly financed FIJI Road Sector Program: under this investment, ADB procedures will be used for all contracts. It is expected that this precedent will be more broadly applied in future PIC operations.

Clearly, PRIF's efforts on aid coordination and effectiveness are making an impact. Moreover, this review believes that the dedicated funding provided by PRIF has played a key role in this effort. As one WB participant in PRIF work noted, the dedicated resources that PRIF focuses on aid coordination and effectiveness have been instrumental in the ability of staff to give serious and sustained attention to work in these areas. While more can always be done, these efforts are playing a key role in ensuring that the increased level of resources available to the Pacific are better allocated and managed. They also provide many "best practice" examples of how the Paris aid effectiveness agenda is best applied in practice.

B. Knowledge Products

PRIF produces a considerable number of knowledge products; what follows is an attempt to summarize major product categories. Consistent with its efforts on aid coordination, a number of these are produced in coordination with a range of development agencies. Good examples include its identification of case studies for ADB private sector work, the PRIF support of WB work

on water supply in urban settlements and numerous examples of cooperation with the Secretariat of the Pacific Community (SPC).

- **Improving Infrastructure Planning and Project Identification**

From its early days PRIF has been working with PICs on improving infrastructure planning and project selection. The size of PIC economies and their infrastructure investment programs present credible opportunities for governments to put together plans and budgets which incorporate all major sector projects and programs. Doing this effectively and on a regular basis provides many advantages: it allows the identification of clear priorities for infrastructure investments; it can improve the alignment of expenditures with available resources; and it can secure better coordination of investments. These efforts in turn can ensure that the impacts of investments are maximized. Moreover, in an environment of heavy dependence on aid, good planning can secure more timely and reliable commitments of donor resources, thereby supporting efficient aid delivery and improved investment completion.

Over its history, PRIF has provided planning support and follow-up to almost all its PIC clients. The focus of these efforts has been flexible, determined in consultation with the government involved; government ownership is key as this will be central to determining whether completed studies have impact on the ground. Beginning with the NIIPs for Samoa and Nauru in 2011, most of the NIIPs have covered 10 years of planning and have focused broadly across all major Infrastructure sectors (Solomon Islands NIIP and Tonga NIIP in 2013, Vanuatu NIIP in 2015, and Tuvalu NIIP in 2016). In Niue a more focused “Transport Strategy Plan” was completed in 2018 at the request of that Government. Over the recent past the PCO also provided significant TA support that supported Kiribati’s internal efforts to produce its National Development Plan; the Federated States of Micronesia’s NIIP (2016/7) was supported by ADB.

Follow-up work has been initiated in a number of PICs: NIIP updates were completed in Tonga (2013) and Tuvalu (2016/7) and NIIP implementation Reviews have been completed in Nauru (2013), Samoa (2014), Tonga (2015), and Solomon Islands (2016). Producing regular updates of NIIPs across interested PICs is now a priority. While there is considerable stability in the investment requirements for infrastructure, revising earlier rounds of NIIPs will facilitate a review of performance under earlier NIIPs and ensure that current infrastructure priorities are fully reflected in Government plans.

With the completion of initial NIIPs, additional demands have emerged from the PICs on topics they view as important. One example is the recent PRIF work with the Ministry of Development Planning and Aid Coordination in the Solomon Islands to produce a “Public Investment Management Diagnostic”. This focuses on Solomon’s total investment program and the key challenges the country faces on the quality of public spending. It reviews planning/implementation processes, contrasts performance of aid-funded and domestically funded programs, identifies inconsistent processes, and compares performance across sectors. It also proposes procedures which would reduce the risk of low priority projects being pursued by individual ministries.

Finally, PRIF’s involvement in planning exercises has led to follow-up work on project identification. There are a number of examples of where PRIF has assisted PICs in refining project ideas in order to prepare for full feasibility studies. Two relevant examples include the Honiara Port Scoping Study and the Nauru Port prefeasibility study. In addition, PRIF work has contributed to project concepts that were then taken up by donors – ADB water sector staff complemented

the contributions of PRIF work to the water supply project it is financing in Honiara. At the same time, PRIF work in this area has been disciplined and focused; it recognizes that it is not funded to work beyond the prefeasibility stage.

A study on the early NIIPS was completed in 2013. PCO staff responded to this work and its key messages have been incorporated into subsequent work. One criticism in the study, the need to increasing work on maintenance, has been actively pursued by PRIF; these efforts are summarized below. In addition, PRIF's work has been adjusted to reflect more fully the range of capacities it encounters across the Pacific. In parallel, PRIF significantly increased its focus on supporting PIC country capacity. While early NIIPS were largely the products of consultant teams funded by PRIF, over time greater emphasis has been placed on PCO staff working directly with government officials. This has reinforced government ownership and has provided constructive CB support to the ministries involved. The recent Kiribati work is an excellent example of this approach.

However, one issue raised in the study remains a challenge. While the review noted that a credible scoring mechanism was used to rate the priority of individual projects under NIIPS, it also suggested that greater efforts should be made to quantify investment costs and benefits and proposed increased use of rate of return analysis on large projects included in NIIPS.

In addition, this Report would argue for more consistent use of budget constraints to set limits to the investment programs in individual NIIPS. While overall resource constraints did play a key role in the Cook Island NIIP, most NIIPS have not imposed budget constraints on the plans presented. This limitation risks generating plans that are well beyond the financial capacity of the PIC involved, reducing the realism and credibility of the NIIP.⁸

Overall, timely NIIP work can ensure that more credible and disciplined investment programs are identified, thereby assuring potential donors that the investments proposed for funding are timely and viable.

- Maintenance and Asset Management

As in most low-income countries, the maintenance of existing infrastructure is a continuing challenge in the Pacific. From a political perspective, in most PICs new construction is preferred to spending on maintaining existing infrastructure assets. However, while new construction is more visible, experience argues that the rate of returns on adequate maintenance expenditures are often multiples of that for new construction. Reflecting this, PRIF has been increasingly forceful in all its work on underlining the importance of devoting adequate resources to routine maintenance.

In its 2013 publication "Infrastructure Maintenance in the Pacific", PRIF specifically challenged the "Build-Neglect-Rebuild Paradigm" that is common to most low-income countries, reviewing the literature on the high returns to maintenance, suggesting how PICs can take more active steps to improve maintenance and discussing how countries in the region can improve asset management systems, key constraints to better maintenance. In addition to this broad analytic piece, in 2015 PRIF completed the "Study of Infrastructure Maintenance Budgets of the Government of the Cook Islands". This piece reviewed the infrastructure assets of the Cook Islands, discussed in detail the budgeting and delivery of maintenance, assessed the adequacy

⁸ It should be noted that while the Niue and Tuvalu NIIPS do not include budget constraints, they do include useful analysis of how these governments can generate additional resources.

of the Cook's maintenance budgets and made a series of recommendations on how maintenance performance can be improved.

As noted above, closely related to its maintenance efforts PRIF has also been working with a number of PICs on improving their asset management systems. This work involves the development of asset management tools which can assist in developing asset inventories, thereby securing relevant funding and managing of existing infrastructure assets. PRIF's work has noted that these efforts must be closely aligned with country capacity; it is presently working on these issues with Fiji, Tuvalu and Nauru.

PRIF's analytic work on and technical support to maintenance and asset management is making an important contribution to the broader donor efforts on infrastructure, underlining the need for increased attention and resources being devoted to these issues. Work in these areas can be expected to remain high priority.

- **Benchmarking**

Early in its history PRIF began to work on benchmarking performance; in 2012 it produced a "Power Benchmarking Manual" with the Pacific Power Association (PPA). Subsequently, working with PPA and the Pacific Water and Wastes Association (PWWA) and engaging the public and private providers in both sectors, PRIF produced data-rich reports on PIC sector performance in both power and water. This work includes comparisons across countries, assists identification of "best practices" and has facilitated increased cooperation among the entities on improving operational performance. In parallel with these reports, PRIF's funding of regular meetings with the agencies involved has facilitated dialogue among the entities and built strong support for continued benchmarking. Finally, PRIF has worked over time to transfer responsibility for completing these reports to the Pacific sector associations and sector entities themselves.

In addition, in 2011 and again in 2016, PRIF developed a broader analysis of Pacific Infrastructure Performance Indicators (PIPIs). Covering energy, ICT, solid waste, transport and water/sanitation this work focused on statistics dealing with access, quality, efficiency and affordability of various services. It is an invaluable source of comparative performance, again facilitating everything from comparisons of performance across countries to the identification of "best practices". Using bar charts, the report makes the comparison of country performance straightforward.

This work is useful to actors across infrastructure sectors and sustaining it has high priority. Indeed, the success and impact of past benchmarking work argues for identifying new areas where this approach could have value. One possible future area of focus could be on benchmarking progress on maintenance and asset management as that work expands to additional countries.

- **Region-wide Analysis, Adapting Global Experience and Addressing Member Priorities**

Throughout its existence, PRIF has undertaken regional work on issues which affect countries across the region. This work has a number of advantages. First, it is efficient - many issues are common across the region and it makes little sense to replicate studies on similar situations. Second, regional approaches allow for broad and effective use of cross-country analysis and "best practices". Finally, a solid regional study and can be used to set the framework for the development of useful PIC country profiles on specific areas of infrastructure. For example, recent

PRIF work on solid waste management and recycling has led to the production of a complete set of county profiles which will in turn provide the foundation for future work in these areas. Reflecting the importance and potential impact of regional work, it is anticipated that it will continue to be a mainstay of PRIF work programs.

Technical studies which adapt global experience to Pacific conditions have also been a focus of PRIF work. Examples include work on road pavement design, coastal protection and LPG/natural gas as alternative energy sources. This research typically emerges from specific questions posed to PRIF by PIC counterparts. It has the advantage of addressing issues that affect all the PICs, reducing the risk of duplication of efforts across countries. Finally, these studies focus on practical advice to PICs – ensuring that the key technical messages are directly relevant to the ministries working in the areas involved.

Finally, PRIF has also been supportive of a number of key development issues that are given priority by its Members. In particular it has produced work on gender and infrastructure and on improving accessibility in transport infrastructure. In addition, Member concerns on environmental sustainability are a focus of one of the SWGs. This work can contribute to strengthening investments in areas of Member concern - a recent impact of PRIF's work on disabilities was that the WB team working on airports used PRIF's recommendations to modify the specifications used for access ramps in its design work, ensuring improved access for passengers with disabilities.

- Other Knowledge Products

PRIF produces a limited number of other knowledge products for the region that don't fit the categories set out above. These remain limited in number but the flexibility to produce them is useful. "The Economic and Social Impact of ICT in the Pacific" (2015) was a good example of this; another useful example was PRIF's brief and informative note reviewing the ADB/WB jointly financed Transport Infrastructure Investment Sector Project in Fiji.

C. Building Country Ownership - Technical Assistance, Capacity Building and Data

As weak technical capacity is a particular challenge across the Pacific, PRIF has emphasized the importance of working with PIC counterparts under all its knowledge products. A significant portion of PCO staff time is spent working with government counterparts in the field. Moreover, as noted above, over time an effort has been made in NIIP work to replace consultant inputs with contributions from PIC staff directly involved in infrastructure planning. All these efforts are expected to increase country ownership of the resulting PRIF products.

At the same time, consultant TA working on knowledge products report spending considerable time with government officials on global technical advances, policy issues and recommendations on how to strengthen capacity in the ministries involved. Interviews with government officials working with PRIF noted appreciation for the TA being provided as an integral part of PRIF assistance.

In a number of cases CB has proven to be an important contribution of PRIF programs. PRIF's effort to support internal processes in Kiribati rather than complete a traditional PRIF-led NIIP had important impacts on capacity there. Similarly, the efforts on asset management are working on developing asset management systems that can be integrated into the regular government programs. Finally, the success in transferring work on the regular benchmarking reports to the regional associations involved is an important success in CB.

A 2017 ADB report underlined the limited availability of solid data across Asia. This is a particular challenge in the Pacific. Noting ADB's recommendation that "national and international agencies should prioritize constructing more comprehensive, better quality data on infrastructure investments"⁹, PRIFs work on data has filled a number of key voids. First, it has partnered with the Lowey Institute to develop a database of projects and an on-line Pacific aid map. Second, its benchmarking work has produced reliable and current data on service levels and quality in the power and water supply sectors and broader information on the full range of infrastructure sectors. Third, all its knowledge products contribute to data availability in the infrastructure areas they cover. Finally, PRIF's website maintains a repository of documents that focus on Pacific infrastructure; containing both PRIF work and the work of a wide range of other infrastructure actors, this is a useful source on issues relevant to PICs.

PRIF's efforts on data are already providing key information to international actors working on infrastructure in the PICs. More important, over the long run it is hoped that the availability of better data will be more effectively used by the PICs themselves in planning their infrastructure investments and dealing with key policy and implementation issues.

III. SELECTED CONCERNS – PRIVATE SECTOR OPPORTUNITIES, CLIMATE CHANGE AND LINKS TO BUDGET SUPPORT

Three concerns emerged during this study which require comment. First, the question of the role of the private sector in infrastructure in the Pacific is a key issue. Increasing private funding of infrastructure has two advantages: it reduces the financial obligations of governments (freeing up resources for other priorities) and lessens or removes the need for government capacity. Clearly, given the financial and capacity constraints of governments across the Pacific, credible opportunities for private funding need to be actively pursued. At the same time, the small markets and high costs in the Pacific argue that assumptions on private sector interest must be realistic – it makes no sense to devote limited PRIF resources to areas where serious interest is unlikely. Finally, PRIF needs to define its role carefully and fully respect the capacity of ADB's Private Sector Development Initiative (PSDI), ADB's Private Sector Operations Department (PSOD) and the International Finance Corporation (IFC) to facilitate and deliver financing deals in the private sector.

Given this challenge, PRIF has a number of successes in its knowledge work on the private sector. It has worked with PSDI on the water supply, solid waste and franchise shipping sectors to identify case studies in private sector participation; this work could be expanded to other areas of possible private sector interest. In addition, as noted above, in its benchmarking work PRIF has fully engaged private sector service providers.

Turning to individual sectors, it's clear that energy could be an area of greater focus for the private sector in the Pacific. Identifying prospects for renewables in rural areas is one area where PRIF analysis could feasibly play a role. Specifically, it is interesting to note that the private sector in Africa is actively promoting small scale renewable technologies to provide power to isolated rural communities that have never been served. Perhaps PRIF should do some work to determine if these technologies would be suitable for implementation in the Pacific? The ongoing work on the Tina River Hydroelectric Project in Solomon Islands should also be of regional interest - PRIF

⁹ ADB, op.cit., 2017, p.xv.

work on the lessons of that effort could be useful across the region for future PPPs in the energy sector.

Transport is a mixed picture. Given the increasing opportunities in tourism and fisheries, there should be greater prospects for private interest in port and maritime development – PRIF can expand its earlier work on franchise success stories to identify possible prospects for private funding in these areas. Roads would not appear to be offer as many opportunities. Across all of developing East Asia, road PPPs have been limited and the low traffic counts in the Pacific would appear to constrain private sector interest in that area.

Urban water supply is another area of possible opportunity. Building on the past work on regional success stories, perhaps PRIF could also collect evidence on successful private sector interventions in low income countries outside the Pacific. Next there is the question of what remains to be done in the largely privatized ICT sector. Here work on future cable investments is being led by the ADB and WB – no major role is likely for PRIF. However, it could work with the telecom companies (now almost all private) to expand the benchmarking work in the PIPI report. In addition, PRIF could look at opportunities to revolutionize payment systems across the region along the lines that have emerged under cell phone services in Africa and elsewhere in Asia.

Finally, there is the question of using publicly funded private sector capacity in the Pacific to deliver government services where the capacity and efficiency of governments are limited or inefficient. Perhaps PRIF could review international experience to identify sensible opportunities in the Pacific. It is highly likely that any proposed operations involving the private sector could attract bilateral and MDB funding.

The second issue, climate change, is an urgent challenge to the Pacific; many experts conclude that no other region faces greater risks from climate change. In its report “The Economics of Climate Change in the Pacific”, ADB concluded that:

“The Pacific nations are uniquely sensitive to the manifold effects of climate change. The effects of climate change are projected to intensify in the coming decade. The combination and interaction of geographic, economic, environmental and demographic factors are expected to make the Pacific particularly sensitive to climate change.”¹⁰

To address these issues effectively presents enormous financial challenge. For example, the “Climate Vulnerability Assessment for Fiji” submitted to COP23, concluded that reducing Fiji’s vulnerability to climate change through a broad range of measures would cost \$4.5 billion over the next decade, approximately equal to Fiji’s present annual GNP.¹¹

Over the past two years PRIF has initiated work to provide advice on what can be done by PICs to effectively address climate change issues in infrastructure. Its analytic work on coastal protection has established it as a credible actor in this field. It has both developed guidelines for coastal protection work in the Pacific and completed more detailed work on affordable coastal protection.

In respect to future work on climate change, it is anticipated that the Green Climate Fund (GCF) will become a major financier in the Pacific. In its initial decision on funding it was active in approving PIC proposals. However, given the urgency of significantly scaling up work in the PICs,

¹⁰ ADB, The Economics of Climate Change in the Pacific, 2013, p.79.

¹¹ Republic of Fiji and WB, 2017.

a clear signal emerged during this Report's mission to the Pacific that traditional donors are also considering scaling up work on climate change. In view of its initial work on how infrastructure can be better designed to deal with the impact of climate change, a continued and expanded PRIF role in this area makes sense; PRIF Members view this as a key priority.

A final issue of increasing interest to PRIF Members is on the potential relationship between infrastructure investments and the emergence of budget support operations in the Pacific. Those operations will provide significant flexible resources to the region and ensuring that they complement the large increases in project funding for infrastructure is also a priority for Members involved in budget support.

IV. SECURING SUPPORT FOR PRIF

Four continuous challenges face PRIF. The first is in ensuring that it successfully mobilizes the resources needed to fund its work. A related challenge is to ensure that its accomplishments are recognized and supported by its Members. The third issue is the importance of building understanding and support for PRIF work by the PICs. Finally, there is the issues of PRIF relations with key regional organizations.

Securing sustained budget support from its Members is critical to a robust and effective PRIF. The size of past budgets has not been a serious issue but with the continued expansion of funding for infrastructure in the Pacific there is a strong case for increasing PRIF overall resources.

With respect to PRIF countries, both the ADB and the WB are expecting to sustain their strong support for infrastructure lending; the ADB has already indicated increases over its past levels of funding. Both ADB's private financing arm and the IFC are also actively engaged in identifying private sector investments. In addition to MDB resources, Australia has recently announced the AUS\$2 billion "Australia Infrastructure Financing Facility for the Pacific", to commence operations in July 2019. Moreover, at the APEC meeting in PNG last month, Australian PM Morrison announced a joint effort of Australia, Japan and the US to increase their support Pacific infrastructure. New Zealand has also confirmed its intentions to sustain its support for Pacific infrastructures and EIB is actively looking for new investment opportunities, particularly in areas related to climate change.

While the recent \$2 million contribution from the US partly addresses PRIF's needs, this Report concludes that in view of the large projected increases in infrastructure investments, further steps to strengthening PRIF overall budget (in particular PCO staffing) have high priority. To support this increase, this report undertook a quick review of the level of TA and CB expenditures under a number of ADB and WB infrastructure projects. What this analysis indicated was that in the PICs these expenditures typically comprise over 15% of total project investments¹² Aggregating these numbers across reasonable assumptions on total donor infrastructure investments in PICs implies that Member project funding of TA and CB dwarfs the size of the PRIF budget.¹³

¹² This is higher than traditional assumptions on the percentage of project costs on TA and CD, reflecting larger estimated expenditures on capacity issues and sector reform in PICs.

¹³ The Fiji Transport Infrastructure Sector Project, which actually falls within traditional assumptions on the level of TA and CB funding, estimates total TA and CB costs at \$17.5 million; this alone is significantly higher than PRIF's total budget over the last 5 years.

A couple of narrow concerns also emerged on the need for greater flexibility in respect to PRIF's administrative arrangements. One involves the constraints that have emerged from the 3-year financing tranches used for PRIF and another involves the recent limit of PCO contracts to one year. Is it possible to adjust the administrative arrangements to resolve these issues? Finally, this report's analysis suggests that there is a case for augmenting PCO capacity with staff in a limited number of specific areas of possible high impact.

A second aspect of maintaining support for PRIF is that key constituencies involved in Pacific infrastructure fully recognize the contribution PRIF is making. Keeping its Members informed on its work is obviously central. On the one hand, messages from across the PRIF management structure (SMT, PMC and SWGs) were consistent and positive; these groups are well aware of PRIF's work and no additional action is needed on that front. However, there remain areas where PRIF efforts are less recognized. While HQ staff of Members interviewed in preparing this Report were aware of PRIF's general mandate and some capital teams were fully briefed on latest developments, discussions in other capitals revealed gaps in knowledge about the full scope of PRIF work. Since HQ management is directly involved in making key budget decisions on PRIF, more consistent efforts on ensuring that HQ knowledge on PRIF is up-to-date is key.

A similar challenge involves ensuring a broad understanding of PRIF work across PICs. Consistent and positive messages of support were a feature of the contacts with the direct infrastructure clients of PRIF. Moreover, finance and planning officials directly involved in planning work are also appreciative of work completed. However, gaps are perhaps inevitable at the senior levels of finance and planning in PICs. First, senior officials in these areas are less involved in NIIPs, benchmarking and other knowledge products than staff in infrastructure ministries and agencies. Second, even if senior officials are aware of their country's PRIF program, they may not be informed on the full range of instruments that PRIF can provide. Finally, senior officials change with the frequent rotations of ministers, particularly after elections. Clearly PRIF needs to consider how to best ensure full understanding of its capacity to at senior levels in PIC ministries.

A final issue involves PRIF's relations with organizations in the Council of Regional Organizations in the Pacific (CROP agencies). As a number of these agencies are involved in infrastructure issues in the Pacific and some have made important contributions to past PRIF work, ensuring that they are appropriately engaged with PRIF work is a priority. They need to be kept fully advised on PRIF work relevant to the mandates and, when feasible, PRIF needs to take advantage of their technical and regional expertise.

V. TOWARD A MORE STRATEGIC PRIF: RECOMMENDATIONS AND ADVICE

The key messages of this report argue forcefully that sustaining/increasing PRIF's impact of Pacific infrastructure programs continues to have high priority. Over the past five years it has made important contributions to infrastructure work across PICs as the level of Member resources devoted to infrastructure investment has substantially risen.

The challenge ahead for both PRIF and its Member countries is to ensure that additional resources being devoted to infrastructure are channeled into viable infrastructure programs that align well with country needs and capacity. Building on PRIF's experience to date, this Report suggests that PRIF's comprehensive efforts at donor coordination, its production of a range of technical knowledge products, and with its extensive TA work can continue to make important

contributions to infrastructure programs across the Pacific. With this challenge in mind, what follows is an attempt to comment on and/or make recommendations on: (i) PRIF's work on improving donor coordination; (ii) specific PRIF products where PRIF can continue to make important contributions to infrastructure development; (iii) PRIF's TA, CB and data efforts (iv) the three specific areas where PRIF attention needs to be reinforced; (v) mobilizing PRIF's funding, addressing administrative constraints and skill requirements; (vi) PRIF's membership, and (vii) areas where improved outreach can strengthen support for PRIF.

On the first main theme, donor coordination, this study argues forcefully that ongoing PRIF efforts represent an international "best practice". The open and honest relations that have emerged across the various levels of PRIF engagement are exceptional by any measure. As the leader of the World Bank team to the 2005 Paris meeting on Aid Coordination, the author of this Report has been generally disappointed by the failure of that global effort to intensify aid coordination across the donor community. PRIF is a clear exception – its success is improving the content of donor efforts in infrastructure in the Pacific, ensuring that donor duplication and overlap is largely eliminated and creating an environment where project implementation lessons are being broadly discussed. To document the accomplishments on coordination, PCO should prepare a short note on PRIF donor coordination activities (drawing largely from its existing literature) to be submitted to OECD-DAC as a "best practice" example of aid effectiveness.

As noted above, six activities have received the majority of support from PRIF: NIIPs and project identification; maintenance and asset management; benchmarking; regional work on specific topics; adapting technical work to Pacific needs; and work on priority issues of Members.

With NIIPs it is clear that the PRIF has played an important role in developing and strengthening long-term infrastructure plans across much of the Pacific. Particularly given the substantial increases in financing being projected for Pacific infrastructure, this role is likely to become even more important. PRIF's leadership on NIIPs has produced work which can play a key role in identifying the highest priority infrastructure investments in each country, and focus Government and donor work on appropriate project size and sequencing. As noted above, past NIIPs have included work ranging from specific sectors (primarily transport) to the entire infrastructure space. While broad infrastructure studies are likely to produce the largest potential benefits by establishing across-the-board priorities, PRIF needs to retain the flexibility to respond to country specific priorities and requests. Finally, PRIF's ability to update plans on a regular basis would ensure that infrastructure programs are up-to-date and improve the overall quality of investment plans

Recommendation 1: PRIF should work with its Pacific clients to complete NIIPs on all countries that request such work. While PRIF should underline the potential advantages of infrastructure-wide NIIPs, it also has to ensure that the specific requests/priorities of PICs are respected and addressed. Moreover, to maintain their relevance, NIIPs should be updated on a 3-year cycle.

One suggestion of the earlier review of the NIIP program was that increased attention be given to employing cost benefit analysis on key projects in the NIIPs. Under PRIF's early work on the NIIP process this was a challenge; many projects contained in the NIIPs had little information beyond sector titles and credible data on costs and benefits were limited or non-existent. However, as the NIIP process proceeds, in some major projects it should be possible to generate better data on the costs and benefits of investments included in the NIIPs. There are also new tools available for such analysis which could be piloted (i.e. the "Infrastructure Prioritization Framework" recently developed by the WB). A second concern on past NIIP efforts is that they have not consistently

incorporated macroeconomic budget constraints into their analysis. Addressing these concerns would ensure more realistic planning, facilitate improved budgeting and increase donor confidence that investments included in the plan are more likely to be funded and implemented

Recommendation 2: *An effort should be made in future NIIPs to begin to generate cost-benefit analyses of key projects contained in NIIPs. In addition, in order to secure greater discipline on the overall size of investment programs in NIIPs, the incorporation of estimated macroeconomic budget constraints should be given priority in future PRIF work on NIIPs.*

On project identification and preparation, PRIF past work has included the identification of investments that were subsequently financed by Members.

Recommendation 3: *PRIF's present role in project identification and its more restricted role in detailed project preparation make sense. On project identification, PRIF should make every effort to ensure that investment ideas that emerge from its work and are subsequently funded are highlighted in its annual reports.*

On maintenance, and the related issue of asset management, it is clear that there is a lot of work to do in the Pacific. Similar to most low-income countries worldwide, securing the high returns associated with adequate maintenance of past infrastructure investment remains a development challenge.

Recommendation 4: *PRIF should continue to raise the profile of maintenance efforts across its portfolio. It could do more work on incorporating maintenance needs in its work on NIIPs and consider doing work on benchmarking maintenance efforts across the Pacific. In addition, work on asset management can be used to reinforce PRIF efforts on maintenance and should continue to be given priority. By focusing its initial work on 2-3 countries, PRIF can hopefully develop a model that can be applied across the Pacific.*

The case has been made that PRIF has excelled in supporting benchmarking processes across a range of sectors and issues. This work has both produced useful comparative indicators of performance across the region and has made an effective contribution to CB in the agencies involved.

Recommendation 5: *Existing benchmarking efforts of PRIF should be sustained and opportunities to expand benchmarking efforts to additional infrastructure areas should be identified and pursued.*

PRIFs work on regional reviews of performance in individual sectors has provided the framework for country-level analysis of key issues and investment opportunities. Its reports on adapting global lessons to the Pacific context have provided useful guidance to PIC governments over a range of areas. By taking leadership in these two areas, PRIF has conserved resources and ensured solid technical advice on applying global experience to Pacific circumstances. Finally, PRIF has been active in addressing a number of key Member priorities under its work program.

Recommendation 6: *PRIF should continue to conduct regional work on priority infrastructure challenges that all PICs face, particularly when such an approach offers an opportunity to provide policy advice, identify areas of high return investment and support*

capacity development¹⁴³ In addition, PRIF's ability to translate global experience into relevant technical advice for the Pacific is an asset that should be supported. Finally, PRIF should continue to play a useful role in disseminating work on comparative practices on gender and disability and the SWG on sustainability can provide similar support in that area. PRIF could also play a constructive role in identifying "best practices" across all these areas.

Technical assistance, capacity building and data collection have emerged as integral parts of the work programs PRIF is delivering.

Recommendation 7: The emphasis of PCO staff and PRIF funded consultants on providing supportive TA to government and private sector infrastructure staff should continue in parallel with their work on knowledge products. Opportunities to ensure PRIF supported work contributes to CB in the infrastructure sectors should be actively exploited; an effort should also be made to better document cases where its work has contributed to CB in the region. Finally, the various PRIF efforts producing improved data on infrastructure in the Pacific continue to have priority.

Focusing on the role of the private sector in Pacific infrastructure and on efforts to ensure infrastructure investments address climate change risks are key priorities of PRIF.

Recommendation 8: PRIF needs to actively support work on identifying appropriate opportunities for private sector support of infrastructure, particularly in energy, ports and urban water. Under its work program, PRIF should continue to support analytic work that addresses the urgent challenges facing the Pacific resulting from climate change challenge.

Overall PRIF funding has not been an issue to date. This Report underlines the importance of sustaining the past levels of contributions from its main PRIF donors (Australia, NZ and ABD), notes the priority of opening up new sources of Member funding and supports a case for larger PRIF budgets given the sustained increases projected in infrastructure investments in the Pacific. Given the crucial role infrastructure continues to play in PIC development progress and the substantial projected increases in infrastructure expenditures, this Report would argue that the case for corresponding increases in PRIF budgets is strong.

Recommendation 9: After reviewing this report with the SMT and PMC, PRIF management should engage each member individually on their willingness to address a proposed increase in future PRIF funding;

- (i) As the existing funding arrangements for Australia, New Zealand, US and the ADB appear to be working well, the only real question is whether these Members agree that the projected large increases in Pacific infrastructure investment justify a larger program of PRIF support and would be prepared to contribute to such a program.**
- (ii) While JICA has indicated they would be prepared to consider funding for PRIF, it noted that any action on this would require a formal request from the PICs involved; PRIF should informally raise this issue with PICs to see if such a request is feasible.**

¹⁴ Regional studies have also included analysis of countries that are not formally in the PRIF network (the recent work on waste management and recycling included profiles on Guam, New Caledonia, PNG and Timor Este). This practice should be encouraged when resources are available.

- (iii) ***In the cases of the EU and EIB, both have expressed a willingness in the past to provide funding for PRIF but specific administrative requirements have prevented conclusion of agreements with ADB. Over the next few months an effort should be made by ADB and PRIF to resolve these issues.⁴***
- (iv) ***Finally, the WB indicated that while it has fully committed its available budget resources to sustain its expanding program in the Pacific, it should be feasible to identify priority tasks in the PRIF work program where the WB can supplement PRIF funding with its budget resources and staffing. PCO should follow-up on this suggestion.***

The two administrative constraints observed (3-year budget tranches and annual contracts for PCO staff) appear to create short-term pressures which in turn undermine budget continuity and PCO effectiveness. In addition, while PCO has a solid core of engineering staff, two areas of expertise were identified as having increased priority in the future.

Recommendation 10: ABD should: (i) consider moving to a longer-term budget horizon of five years so that agreed annual budgets are stabilized and (ii) consider longer-term contracts for PCO staff. Both of these commitments could be made conditional on the availability of adequate Member funding of PRIF. Furthermore, adding an economist to the PCO would help address the concerns on doing more cost benefit analysis and ensuring that macro constraints are better reflected in NIIP work; expertise on climate change should also be added to the PCO to support the proposed expansion of work in that area.

Over the life of PRIF there have been discussions of inviting additional Members to PRIF; specifically, there has been the question asking China to join. There is a recognition that China could become a major financier in the PICs (along the lines of their rapid increase on funding infrastructure investments in Africa) and that Chinese firms are likely to win many of the works contracts under MDB funding of infrastructure in the Pacific (as in Africa, where Chinese firms became the largest source of contractors under WB and African Development Bank infrastructure projects). At the same time there are concerns on ensuring that China's funding is consistent with the priorities established under NIIPs, that China invests in appropriately sized projects for the region and that China is providing funding on financial terms appropriate for the Pacific. Members should also recognize that there remains the question of whether China would be prepared to join PRIF. This Report is not in a position to make a recommendation on what is essentially a political question with the Members. However, given the past interest in asking China to join, a couple of suggestions can be made on how to approach this issue. First, are there any lessons to be learned from donor efforts in Africa to productively engage China in infrastructure financing? Second, could the recently announced creation of a Chinese aid agency provide an opportunity for constructive engagement in the Pacific, particularly on the concerns noted above? Finally, would an initial approach to the Asia Infrastructure Investment Bank (AIIB) on Pacific engagement be a sensible way to initiate an approach to China? China hosts AAIB, was central to its creation and a number of the PRIF Members are shareholders in AIIB. Moreover, while its present financing terms would probably be of interest only to Fiji, other funding sources may become available in

¹⁵ The issue with EIB can be resolved if a precedent can be identified where EIB has endorsed fiduciary requirements that have been accepted to by an MDB. In the case of the EU, the issue is their formal use of the Pacific Islands Forum (PIF) as the intermediary for their financing. Two options could be pursued by ADB: (i) similar to the case of EIB, find an example of EU support to an additional entity that is consistent with their longstanding global agreements; or (ii) agree with the Pacific Island Forum (PIF) on an arrangement whereby PIF endorses the financing of PRIF, possibly receiving an administrative fee in return.

the future from AIIB. A related membership issue is whether the PICs, relevant CROP agencies or any non-financial agencies should be permitted to formally join PRIF.

Recommendation 11: *On the issue of broadening the type of Members in PRIF, this Report concludes that PRIF membership should continue to be restricted to financing agencies. This will result in greater clarity in its focus on aid coordination, allows the PRIF to concentrate on areas directly related to Member interest, and ensures that the technical focus of donors is the central driving force for its work. This is not to suggest PRIF should limit its interaction with PICs or key non-financial organizations; in the past when issues of relevance to non-members were discussed, non-Members have been invited to participate in PMC meetings.*

In respect to outreach to its full range of stakeholders, this Report concludes that more needs to be done by PRIF to ensure that the range and focus of PRIF work is better understood by key actors in Member governments, and that improved relations are established with PICs and with regional agencies. This is not about establishing a separate communications function – all the work proposed can and should be done as a key function of PCO management and staff. Three specific targets are reviewed below: outreach to Member HQ managements responsible for the Pacific, outreach to PICs and the PIF, and outreach to the CROP agencies.

Recommendation 12: *On outreach:*

- (i) *To ensure that the HQ staff of Members are more fully aware of PRIF work, a regular visit to each HQ by PCO management should be scheduled. While the timing of this should be flexible, it would be expected that donors within Asia would be visited at least annually and over a two-year period all Member HQs would be visited at least once. These meetings should review annual work programs, summarize the major work products completed since the last PCO visit and engage senior Member representatives on how PRIF can be more effective in supporting their efforts in the Pacific.***
- (ii) *While PRIF work is well known to the officials in PICs with direct involvement in PRIF, it is also important that senior finance and planning officials are more fully informed on the range of PRIF capacity and the extent of PRIFs work program in their countries. This would secure greater awareness of PRIF capacity and increase PIC ownership of PRIF work. In light of this, PRIF, with the support of its Members, should formally request the PIF Secretary General to arrange a session on the PRIF work program at an upcoming Forum Economic Ministers Meeting (FEMM). In addition, at least annually, most likely during a PCO visit on a key task being undertaken by PRIF, an effort should be made to ensure that there is a discussion with key finance and planning officials that reviews that country's PRIF work program and areas of possible engagement.***
- (iii) *Finally, an annual meeting chaired by PIF should be held with all CROP agencies to present the upcoming PRIF work program; subsequently PRIF should ensure that any CROP interests in engagement in the work program are followed-up.***

APPENDIX 1: REFERENCES

List of key PRIF documents consulted

PRIF Charter
ADB TA 8345 paper and Major change 2016
PRIF Governance and implementation review 2015
PRIF Operational review 2018
PRIF Annual reports 2014 to 2018
PRIF brochures and various publications
PRIF strategic work plans

APPENDIX 2: CONSULTATIONS

Met in person

ADB HQ, Manila	
PARD	Ma. Carmela Locsin, Director General, PARD James Lynch, Deputy Director General, PARD
ADB Energy Sector	Olly Norojono, Director, Transport, Energy and Natural Resources Division (PATE) Mike Trainor, Energy Specialist., PATE Eun Young (Emily) So, Energy Specialist, PATE Anthony Maxwell, Principal Energy Specialist, PATE Cindy Tiangco, Senior Energy Specialist, PATE
ADB Transport Sector	Olly Norojono, Director, Transport, Energy and Natural Resources Division (PATE) Rustam Ishenaliyev, Principal Infrastructure Specialist PATE Juan Gonzalez Jimenez, Young Professional, PATE
ICT Sector	Sibesh Bhattacharya, Senior Infrastructure Specialist (ICT)
Urban, Social Development, and Public Management Division (PAUS)	Beth Carandang, Safeguards Specialist, PATE Steve Blaik, Principal Urban Development Specialist, PAUS, Anupma Jain, Senior Urban Development Specialist, PAUS
Sydney, Australia	
ADB	Emma Fan, Regional Director Rob Jauncey, Advisor, PAOD Sharyn Bow, Senior Project Officer, Infrastructure
EIB	Adam Brunn, Head of Regional Office, EIB, Pacific Regional Office Ella Drake, Business Analyst, EIB, Pacific Regional Office
World Bank	Michel Kerf, Country Director - Papua New Guinea & Pacific Islands Pierre Graftieaux, Program Leader, Sustainable Development, PNG & Pacific Islands
IFC	Thomas Jacobs, Country Manager Chris Bleakley, Senior Operations Officer
PRIF team	Jack Whelan, Operations and Knowledge Hub Manager, Michel Dorval, Senior Technical Manager, Lorena Estigarribia, Technical Officer Jane Romero, Technical Office Minal Patel, Project Officer
Canberra, Australia	
DFAT	Peter Kelly, Infrastructure Adviser, Banks and Infrastructure Finance Branch, Leo Carroll, ODE Tom Nettleton, Assistant Director, Infrastructure Policy Section Beth Delaney, Assistant Director, Regional Economic Growth Branch, Pacific Division Tim Huggins, Director, Infrastructure Policy Section John Larkin, Assistant Secretary, Banks and Infrastructure Finance Branch, Multilateral Development and Finance Division
Wellington, New Zealand	
NZMFAT	Stan Vandersyp, Development Manager IFIs

	Judy Wan Min Kee, Development Manager, Private Secotr Martin Garrood, Lead Adviser, Energy, Infrastructure and Energy Unit, Sustainable Development Sector and Thematic Division Dominic Walton-France, Unit Manager, Infrastructure, Transport, ICT, Sust Economic Development Division
Tokyo, Japan	
JICA	Eigo Azukizawa, Senior Deputy Director General, Southeast Asia 5,6 and the Pacific Satoshi Wakasugi, Pacific and Southeast Asia Division 6 Southeast Asia and Pacific Department Ken Okumura, Deputy Director, Pacific and Southeast Asia Division 6, Southeast Asia and Pacific Dept Noriyuki Ito, Deputy Director, Pacific and Southeast Asia Division 6, Southeast Asia and Pacific Dept
Fiji	
ADB	David Fay, Unit Head, Project Administration, SPSO Suva Hanna Usmaah, and the SPSO PAU Team
EU Delegation to the Pacific Islands	Emmanuelle Guiheneuf, Team Leader Economic Cooperation and Agriculture Christophe Wagner, Head of Cooperation
World Bank	Lasse Melgaard, and the WBG infrastructure team
DFAT	John Feakes, Australian High Commissioner
NZMFAT	Jonathan Curr, NZ High Commissioner and his team
JICA	Japan Embassy and the JICA team: Tsuguyoshi Hada, Genta Yamata, Hirotaro Ohira, Shinya Tamio, Atsumi Kani (Embassy)
PIFS	PIFS SG Dame Meg Taylor and her team
Solomon Islands	
ADB	Sustainable Transport Infrastructure Improvement Program Mid- term review Team
ADB	Extended Mission to Solomon Islands
World Bank	World Bank Economist
DFAT	Skye Bale, Australia High Commission
NZMFAT	Timothy Breese, Deputy Head of Mission, New Zealand High Commission
Prime Minister's Office	Dr. Jimmy Rogers, Secretary to the Prime Minister, The Prime Minister's Office
Washington	
Department of States	Jenny Morrell, US State Dept, Washington DC

To follow up PRIF's past work, calls were also made to individuals who worked with PRIF in a sample of Pacific countries: Andrew Daka (Pacific Power Association), Luisa Sefo-Leau (Pacific Power and Water Association), Ma'u Alipate Leha (Tonga, Finance), Roy Mae (Solomon Islands, Development Planning and Aid Coordination), Makereta Konrote,(Fiji, Economy),Lesi Olsson (Nauru, Infrastructure Development), Sonya Talagi (Niue, Transport), and Kino Kabua (RMI, Planning).