

The Pacific Region Infrastructure Facility (PRIF)

*A partnership for better infrastructure in Pacific Island Countries
Asian Development Bank- AusAID- NZAID- The World Bank Group*



NEWSLETTER

Issue 2, October 2009

Dear Colleagues,

Through this newsletter, we hope not only to bring you up to date with PRIF's work, but also invite your comment and feedback on its activities. We intend on providing a newsletter like this every two months and encourage you to share this newsletter with your colleagues. To subscribe/unsubscribe to this newsletter or to provide any comments or feedback please contact the PRIF Secretariat on secretariat@theprif.org or telephone +61 2 9235 6571. We are also in the process of establishing a PRIF website and hope to have this up and running by the end of the year to provide access to information about PRIF and further build the relationships between development and country partners – together the PRIF partners – throughout the Pacific.

Recap on PRIF Functions

PRIF aims to improve infrastructure outcomes in five key economic infrastructure sectors – energy; telecommunications; transport; water and sanitation; and waste management.

It aims to do this through three key functions:

- (i) Advisory services – for sector planning, policy, regulatory and institutional reforms, capacity development, technical assistance, activity development, and brokerage of investment activities;
- (ii) Knowledge hub – for information, communication, networking, database management and analysis, good practice; and
- (iii) Infrastructure financing – blending funding from PRIF grants, multilateral loans, Pacific island government budgets and private sector equity/loans to finance the 'whole of life' costs of providing infrastructure services at sustainable standards.

Recap on key concepts underlying PRIF

- Long-term funding based on the 'life-cycle' costs of sustainable economic infrastructure service provision in five key sectors – transport; telecommunications; energy; water and sanitation; waste management;
- Sector- based infrastructure planning, budgeting and priority setting led by the partner countries;
- Country responsive prioritisation based on local capacity;
- Delivery of infrastructure programs via appropriate institutional and regulatory structures;
- An efficient balance between public, private and development partner financing, having regard to opportunities to strengthen private sector involvement in the financing and delivery of services;
- Achievement of agreed performance benchmarks;
- Equity of access for men, women and disadvantaged groups; and
- Environmental sustainability.

Designing the PRIF

The contracted design team is busy finalising the PRIF design document which is on track for completion in December 2009. Over the past six months the design team has undertaken a great deal of field consultations in partner countries speaking with key government officials and regional organisations as well as officials within the development partner agencies.

To ensure that the design best meets the needs of all PRIF partners the design team facilitated a design workshop held in Brisbane on 27-28 August 2009. The workshop brought together twenty-five representatives from the twelve PRIF country partners¹ and representatives from the development partners². This provided an opportunity for the PRIF partners to provide feedback as to how PRIF should operate. Some of the key points raised were:

- PRIF is about more than allocating grant funds. It is about mobilising and leveraging all available funds, including grants, concessional loans, user charges, country budget funding and private sector funds, to improve infrastructure in Pacific island countries;
- PRIF processes will recognise the primacy of the bilateral relationship of the partner agencies with each country and will support and enhance these relationships as well as fill any gaps;
- In terms of PRIF funding AusAID and NZAID grant funds can be pooled, but the ADB and World Bank have country programming processes and accountability requirements that mean that they cannot pool funds prior to allocation to specific activities, however, they can pool funds in the context of an approved activity (ie. co-financing);
- PRIF partners want to make use of in-country expertise in the region, from within countries, from regional organisations and from partner agency staff.

Thank you to all who attended the workshop. If you would like a copy of the Executive Summary of the workshop discussions or any of the workshop presentations please email the Secretariat at secretariat@theprif.org.

PRIF Secretariat

The PRIF Secretariat commenced operations on 1 July 2009. Mr John Larcombe is the Project Coordinator and Ms Katherine Hall is the Research Analyst. The Secretariat work on behalf of the PRIF Infrastructure Working Group and its Senior Management Team to support their decision making around the PRIF design, initial activities, and overall harmonisation of development partner activities related to PRIF. The Secretariat will be administered by and work out of the World Bank's Sydney office during this interim period until the full PRIF design is endorsed.

The Pacific Infrastructure Advisory Centre (PIAC)

Country partners have emphasised the need for PRIF to establish a mechanism for providing technical and other advisory support to underpin and strengthen the delivery of infrastructure support under the proposed mechanism. Whilst the full PRIF design is still being developed, an interim TA facility (PIAC) has been established and commenced operations in August 2009. Mr John Austin is the PIAC Manager and Ms Nina Mines is the Operations Officer. A Deputy Manager is presently being recruited. The PIAC team will be administered by and work out of ADB's Sydney office during this interim period until the full PRIF design is endorsed.

¹ At this time, countries eligible for PRIF assistance are Cook Islands, FSM, Kiribati, Nauru, Niue, Palau, RMI, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu.

² ADB, AusAID, NZAID and the World Bank Group (World Bank & IFC)

The primary role of PIAC is to respond to requests from country partners for assistance in respect to lifting the performance, reliability and access to economic infrastructure services. PIAC is responsible for delivering both advisory and technical assistance services centered on analytical and operational advice to country partners across the five economic infrastructure sectors. A TA Information Kit has been developed and is being distributed to partner countries for guidance in making TA requests. The Information Kit is also available upon request from PIAC by emailing piac@theprif.org.

Mr Austin undertook his first country visit in late September/early October and travelled to Tonga (Samoa was included within the original schedule but the mission there was postponed due to the tragic earthquake and tsunami). In Tonga he met with government ministers, chief executives of State Owned Enterprises (SOEs) and public enterprises, along with private sector representatives and development partners. Tonga is making excellent progress with its planned approach to setting priorities for infrastructure capital investments and operational expenditures. This helped in discussions regarding the kind of assistance Tonga need to get infrastructure activities underway. Mr Austin also spoke with regional organisations in Fiji such as PFTAC, PIFS, PIPSO, PPA, SOPAC and SPC.

Mr Austin's second round of country visits will be to Tuvalu on 21-27 October, Kiribati on 2-9 November and Nauru on 14-21 November 2009.

PRIF website

The design of the PRIF website is currently being scoped by the Secretariat. Initial work has focused on the website providing information about the goals of PRIF, updates on PRIF activities, updates on the work of PIAC, newsletters, downloadable reports by PIAC or the development partners, links to country development plans, development partner websites, regional organisation websites, and good practice guides. Given the vast number of websites which already provide news and information about infrastructure in the Pacific the aim of the PRIF website is to add value to existing resources rather than duplicate them. Your feedback on the types of functions you would like to see on the website is welcome. Please email the Secretariat at secretariat@theprif.org.

It is our goal to have the PRIF website – www.theprif.org up and running by late December 2009/early January 2010.

Working towards including additional development partners

Since its commencement in 2008 the development partners have consisted of the Asian Development Bank, AusAID, NZAID and the World Bank Group. It has always been envisaged that as PRIF is developed and the design finalised there would be opportunity for additional development partners to join. To begin this process, representatives from the European Commission (EC) and the European Investment Bank (EIB) have begun to attend IWG meetings as observers to gain a better understanding of PRIF. Representatives from these organisations also attended the workshop in Brisbane on 27-28 August. It is expected that the EU/EIB and other development partners may join PRIF after the finalisation of the PRIF design.

The PRIF Pipeline

Funding has been approved for a range of PRIF pipeline activities. The amounts approved for the 2008/09 and 2009/10 financial years are listed below.

PRIF Activity	Lead development partner	Total funding 2008/09-2009/10 (AUD million)
Kiribati – Tarawa Sanitation Improvement Project	ADB	\$1.4
Samoa – Urban Water and Sanitation Project	ADB	\$1.8
Samoa – Infrastructure Asset Management Project	WBG	\$1.5
Solomon Islands – Transport Sector Development Project	ADB	\$1.7
Solomon Islands – Guadalcanal Roads Flood Restoration	ADB	\$3.3
Solomon Islands – Rapid Employment Project	WBG	\$1.7
Solomon Islands – Tina River Hydro Development Project	WBG	\$0.3
Solomon Islands - Community Service Obligation Support	WBG	\$0.7
Tonga – Transport Sector Development Project	WBG	\$2.3
Vanuatu – Port Vila Urban Planning and Management Project	ADB	\$2.1
Vanuatu – Transport Sector Support Program	AusAID	\$7.8
Vanuatu – Power Access Program	AusAID	\$1.4
Regional* – Energising the Pacific	WBG	\$1.1
Regional – Pacific Infrastructure Advisory Centre	ADB	\$5.1
Regional – Pacific Regional Regulatory Resource Centre	WBG	\$1.2
Regional – Pacific Regional Connectivity Project Preparation	WBG	\$0.7
Regional – Private Sector Participation	IFC	\$2.1
Regional – PRIF Management	All	\$2.7
Total		\$45.7

*Regional projects are available to all PRIF country partners.

The approved activities include both technical assistance and investment projects, and were identified as priorities in country level discussions involving one or more of the PRIF partners. In all cases, the activities have been assessed against the PRIF principles, and the extent to which they are expected to yield improved outcomes.

Kiribati Infrastructure Sector Review

The PRIF partners are committed to better engagement and more coordinated analytical work to guide investment in partner countries. Infrastructure sector reviews undertaken jointly by PRIF partners are crucial to establishing sector frameworks within countries and working with country partners on the development of priorities for infrastructure investment. The first infrastructure sector review to be undertaken has been in Kiribati and this has been completed and was provided to the Kiribati Government for their final review in August.

This exercise was aimed at drawing lessons from past experiences in planning, design and delivery of all infrastructure services including their cost and financing mechanisms. By working closely with the Kiribati Government on this diagnostic review we hope that it will serve as a useful planning tool for the Government and the development partners and strengthen coordination and harmonisation of efforts in providing more sustainable long-term and country-led development assistance.

This has been a learning experience for both the Government and the development partners. The output from the exercise is helpful in terms of offering an insight into areas for improvement and also where PRIF can be of assistance in supporting and improving the service delivery of the country's infrastructure assets. PIAC, in consultation with PRIF partners, will coordinate further infrastructure sector reviews in other partner countries.

For more information about PRIF please feel free to email the Secretariat at secretariat@theprif.org.