



Pacific Region
Infrastructure Facility

Promoting Sustainable and Inclusive Economic Development

Pacific Countries Priority Infrastructure

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Agenda



- This session's focal quality infrastructure investment principles
- Introduce the National Infrastructure Investment Plan (NIIP)
- What does “*promotes sustainable and inclusive economic development*” mean in practice?
- How does the NIIP promote economic development, sustainable development, and inclusive development?
- What does “*promotes value for money and sound PFM*” mean in practice?
- Link between quality infrastructure principles and PIMA / PEFA
- How does the NIIP promote value for money and PFM?



PRIF Quality Infrastructure Investment Principles

Quality infrastructure investment aims to maximize the positive economic, environmental, social, and development impact of infrastructure while ensuring financial sustainability. It involves investment that:

- **Promotes sustainable and inclusive economic development**

- Supports local content and creates local jobs
- Builds and maintains climate and disaster resilience
- Provides value for money, including consideration of full life cycle costs

- **Promotes value for money and sound public financial management**

- Encourages private sector investment
- Adopts environmental and social safeguards
- Promotes gender and social inclusion




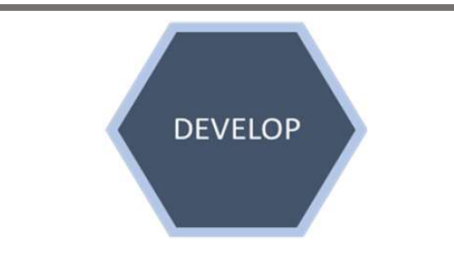
What do these principles mean in practice?

What is a National Infrastructure Investment Plan (NIIP)

Full project cycle



NIIP's contribution to the project cycle

			
Consider...	Review...	Introduce...	Integrate...
<ul style="list-style-type: none"> ▪ macroeconomic trends ▪ national vision and strategic goals ▪ historic expenditure 	<ul style="list-style-type: none"> ▪ sector and/or institutional plans ▪ asset management plans ▪ master plans 	<ul style="list-style-type: none"> ▪ project concept notes ▪ multi-criteria prioritization ▪ linking project priorities to investment strategy 	<ul style="list-style-type: none"> ▪ technical and economic assessment ▪ project and costing approval
to identify investment strategy and prioritization criteria.	to identify long-list of candidate projects for development.	to provide a prioritized list of justifiable investment opportunities.	to provide a seamless transition for 10-yr to 3-yr to 1-yr planning
<div style="border: 2px solid yellow; padding: 5px;"> Prioritisation criteria & methodology, & PCN template </div>	<div style="border: 2px solid green; padding: 5px;"> Database of all projects (across all sector) </div>	<div style="border: 2px solid orange; padding: 5px;"> List of priority projects </div>	<div style="border: 2px solid blue; padding: 5px;"> Funding plan for priority investments </div>

Useful NIIP deliverables:

Prioritisation criteria & methodology, & PCN template

Database of all projects (across all sector)

List of priority projects

Funding plan for priority investments

Where has PRIF supported NIIPs?



Phase I (2010–2013)	Phase II (2014–2016)	Phase III (2017–2019)	Phase IV (2020–2023)
<ul style="list-style-type: none"> ▪ Tonga NIIP ▪ Nauru NEISIP ▪ Samoa NISP ▪ Tuvalu TISIP 	<ul style="list-style-type: none"> ▪ Tonga NIIP Review ▪ Nauru NEISIP Review ▪ Samoa NISP Review ▪ Cook Islands NIIP ▪ Vanuatu VISIP ▪ RMI NIIP Framework ▪ Samoa Transport Medium-term Economic Framework 	<ul style="list-style-type: none"> ▪ Tonga NIIP Update ▪ Nauru NEISIP Update ▪ Cook Islands NIIP Update ▪ Tuvalu ISIP Update ▪ Tuvalu Asset Management Framework ▪ Solomon Is. Public Investment Management Diagnostic ▪ Solomon Is. Priority Investment Plan ▪ Fiji Asset Management Framework ▪ Kiribati Public Investment Management Assessment ▪ Niue Transport Sector Plan 	<p>A comprehensive Program of NIIPs ongoing:</p> <ul style="list-style-type: none"> ▪ Tuvalu ▪ Tonga ▪ Palau ▪ Cook Islands ▪ Kiribati ▪ Fiji ▪ Solomon Islands ▪ Niue ▪ Vanuatu ▪ Samoa

- Plus:
- RMI (Ongoing)
 - FSM (Planned)

Key to the NIIP prioritisation methodology is multi-criteria analysis (MCA)

Typical NIIP prioritisation criteria

Note the link to:

sustainable and
inclusive
economic
development

Benefit Area	Investment Project MCA Evaluation Criteria (Assessment of the projects ability to...)
Environmental	<ul style="list-style-type: none"> • Strengthen environmental protection and conservation. • Improve climate change adaptation and resilience. • Strengthen disaster risk management and resilience.
Social	<ul style="list-style-type: none"> • Improve access to quality public health • Improve access and quality of public education. • Alleviate poverty and hardship and develop the workforce.
Economic	<ul style="list-style-type: none"> • Grow priority sectors (agriculture, fisheries, tourism). • Create private sector development opportunities. • Promote investment and access to finance.
Performance	<ul style="list-style-type: none"> • Deliver efficient public infrastructure. • Improve quality, sustainability, and safety of public services. • Provide Trusted Governance.

“Promotes sustainable and inclusive economic development”



What does this look like in practice?

- **Strengthen connectivity:** for geographically isolated PICs, air and sea transport are crucial to economic activity, especially exports. Digital connectivity can mitigate this isolation and foster e-commerce, remote work, digital education, and tele-health
- **Protect key economic assets:** from climate change, especially coastal infrastructure, freshwater resources.
- **Support key industries:**
 - **Fisheries:** e.g. technologies for monitoring fish stocks, improved port facilities for fish processing.
 - **Tourism:** e.g. improved aviation infrastructure, cultural and heritage attractions, transport to remote tourist sites.
 - **Agriculture:** e.g. irrigation improvements, rural roads.
- **Support economic diversification and reduce vulnerability to economic shocks:**
 - Help develop new industries, like IT outsourcing, or fresh fish exports.
 - Agriculture infrastructure and renewable energy can reduce dependency on imported food and fuel.

Aloma's presentation will discuss the link between infrastructure planning and private sector development.

Linkages between the NIIP and economic development



How does the NIIP support infrastructure that promotes economic development?

- An economic development assessment is integral to the NIIP strategic context.
- Reflects national economic goals in the prioritisation criteria.
- The Likelihood of Economic Viability Assessment ensures projects with the highest potential net economic benefits are prioritised.
- Economic sustainability is enhanced through the careful planning and prioritization of projects (funding assessment).

Application in Samoa

FINANCIAL AND ECONOMIC IMPACT

2.1 Grow Primary Sectors (Agriculture, Fisheries, and Tourism)

Will the project contribute to the following PDS Outcomes:

- Improved access to support and increased productivity for all farmers and fishers
- Adequate supply of agricultural produce for food security and income generation
- Processing plants established to convert agricultural crops produced nationally
- Increased benefits from diversified tourist attractions/activities across communities (including eco-tourism, cultural and historical sites)

Is the project likely to grow agriculture, fisheries or tourism in Samoa?

Describe how the project will benefit Samoa's primary revenue sectors (agriculture, fisheries and tourism)

High ranking projects	
Development of CBDs in rural areas	
Tiapapata Small Hydro Power Station	
National Electrical Network Upgrade	
Savaii Solar System and Batteries	
Home Financing for Farmers and Small Businesses	
Police Outposts Construction	
MV Fotu o Samoa II Replacement	
Climate Resilient Vessels Improvement	
Mulifanua and Salelologa Vessel Replacements	
New Pilot Boat for Apia Wharf	
Lalomanu Fire Station Construction	
Samoa Business Hub: Advice and Support to MSMEs	
Lotofaga/Safata Water Supply System	
Samalaeulu and Mauga Water Supply System	
Vailoa (Aleipata) and Lalomanu Water Supply System	
Lefaga Pipe Network Upgrade	
Aleisa West Water Supply System	

Prioritisation criteria targets key industries.

6 of the 17 high-ranking projects linked to key industries

“Promotes sustainable and inclusive economic development”



What does this look like in practice?

- **Resilience building:** prioritize resilient infrastructure capable of withstanding SLR and severe weather events.
- **Risk management:**
 - Mitigate potential threats and protect assets and livelihoods
 - Prepare to respond to natural disasters and ensure continuity in services
- **Ecosystem protection:** integrate infrastructure planning with ecosystem conservation:
 - Do no environmental harm
 - Contribute to preservation and enhancement of natural habitats.
- **Sustainable practices:** implement green and sustainable infrastructure solutions by focusing on renewable energy and environmentally friendly materials.
- **Adaptive design and technologies:** such as floating and elevated structures, to counteract the effects of SLR and protect critical infrastructure.
- **Good governance:** ensure policies mandate climate considerations and are responsive to projected impacts of climate change.
- **International collaboration:** engage in international partnerships and collaborations to leverage external expertise, technologies, and financial resources.

Ellen's presentation will discuss infrastructure planning and environmental risks.



Linkages between the NIIP and sustainable development



How does the NIIP support infrastructure that promotes sustainable development?

- Climate and environment risks are integral to the NIIP strategic context and sector assessments.
- Reflects national climate and environment strategies and goals in the prioritisation criteria.
 - Project prioritisation criteria general include: contribution to climate adaptation, resilience to natural disasters, and overall environmental impact.
- Importance of climate resilience mainstreamed through out the process.
- Climate funding opportunities reviewed and potentially suitable projects are flagged.

The Fiji NIIP identified candidate priority projects for climate grants/finance

Project	Likely Principal Funding Type ⁽¹⁾⁽²⁾	Potential Financiers(s)
1. FPCL – Wharf Rehabilitation Projects – Lautoka	FPCL internal, private sector funding windows	FPCL, IFC, (private sector arms of ADB, EIB, AIFPP, AIIB, JBC, PRC), domestic banks, FNPF, insurance co.
2. MRMD – Supporting Growth & Resilience of Rural Economy	Government funding and external grants	Government, DFAT, EU, JICA, NZ, PRC, Indonesia, UNDP, India, Cuba, South Korea, Malaysia, Spain
13. MRMD – Enabling Access to Quality Rural Public Service	Government funding and external grants	Government, DFAT, EU, JICA, NZ, PRC, Indonesia, UNDP, India, Cuba, South Korea, Malaysia, Spain
14. Fiji Airports – Green Airport Upgrades	FA internal, external climate grant funds	FA, GCF, CIF, DFAT, EU, JICA, NZ, PRC, UK
15. MOPWTMS – Upgrade 50 Diesel Generators to Solar Hybrid	Government funding and external climate related grants	Government, GCF, CIF, DFAT, EU, JICA, NZ, PRC, UK
16. FSC. 50T Labasa Co-Gen High Pressure Boiler – Labasa	FSC internal, government, potentially external policy and CC funding to support restructuring	FSC, Government, IFC, (private sector arms of ADB, EIB, AIFPP, AIIB, JBC, PRC), GCF, CIF, domestic banks, FNPF, insurance cos.
17. WAF – Water WTP Programme Nadi – Lautoka Scheme	Government plus external policy and if necessary concessional loans	Government, ADB, WB, EIB, AIFPP, AIIB, JBIC plus Government.
18. EFL – National Grid Extension	EFL plus external policy concessional loans, and climate financing	EFL, IFC, ADB, EIB, AIFPP, AIIB, JBC, PRC, GCF, CIF, domestic banks, FNPF, insurance cos.
19. WAF – Savusavu Water & Wastewater Collection Scheme	Government plus external policy and if necessary concessional loans	Government, ADB, WB, EIB, AIFPP, AIIB, JBIC
20. FRA – 40 Critical Bridges	Government plus external policy and concessional loans	Government, ADB, WB, EIB, AIFPP, AIIB, JBIC
21. MOPWTMS – Zero Energy Building Deployment	Government funding and external climate related grants, and if necessary concessional loans	Government, GCF, CIF, DFAT, EU, JICA, NZ, PRC, UK
22. Housing Authority – Waiva Development	HA internal, private sector funding windows	HA, IFC, (private sector arms of ADB, EIB, AIFPP, AIIB, JBC, PRC), domestic banks, FNPF, insurance companies, private PPP investors
23. MOF – PPP Affordable Housing Project	Government funding, external grants, and private sector funding windows	Government, IFC, (private sector arms of ADB, EIB, AIFPP, AIIB, JBC, PRC), domestic banks, FNPF, insurance co, private PPP investors
24. WAF – Suva Automation	Government funding and external grants	Government, DFAT, EU, JICA, NZ
25. WAF – Renew Distribution Mains, Suva – Nausori Water	Government, external policy, and if required concessional loans	Government, ADB, WB, EIB, AIFPP, AIIB, JBIC
26. FSC – Upgrade Cane Access Roads and Crossings	FSC internal, government, potentially external or domestic / PPP policy funding to support restructuring	FSC, Government, IFC, (private sector arms of ADB, EIB, AIFPP, AIIB, JBC, PRC), domestic banks, FNPF, insurance companies, private PPP investors
27. WAF – Upgrade Navakai WWTP to IDEA Process	Government, external policy and if necessary concessional loans	Government, ADB, WB, EIB, AIFPP, AIIB, JBIC
28. DTCP – New Town Development Programme	Government funding and external grants	Government, DFAT, EU, JICA, NZ, Indonesia, Singapore, PRC
29. MOPWTMS – Nabouwalu Govt. Stations – Solar Hybrid System	Government funding and external climate related grants	Government, GCF, CIF, DFAT, EU, JICA, NZ, PRC, UK

“Promotes sustainable and inclusive economic development”



What does this look like in practice?

Keys to Social Inclusivity

Application to infrastructure

Active participation

- Survey communities on their infrastructure needs

Benefit distribution

- Prioritise universal access to fundamental services (clean water, sanitation, education and health) to foster equitable living standards

Reach the most vulnerable

- Enhance transport and digital connectivity for remote populations
- Develop robust, small-scale infrastructure solutions for remote communities (solar electricity, rain water tanks etc.)
- Ensure infrastructure accessibility for people with disabilities

Cultural respect

- Engage local communities in planning and implementation:
 - Harness intrinsic knowledge
 - Ensure investments are culturally and contextually appropriate

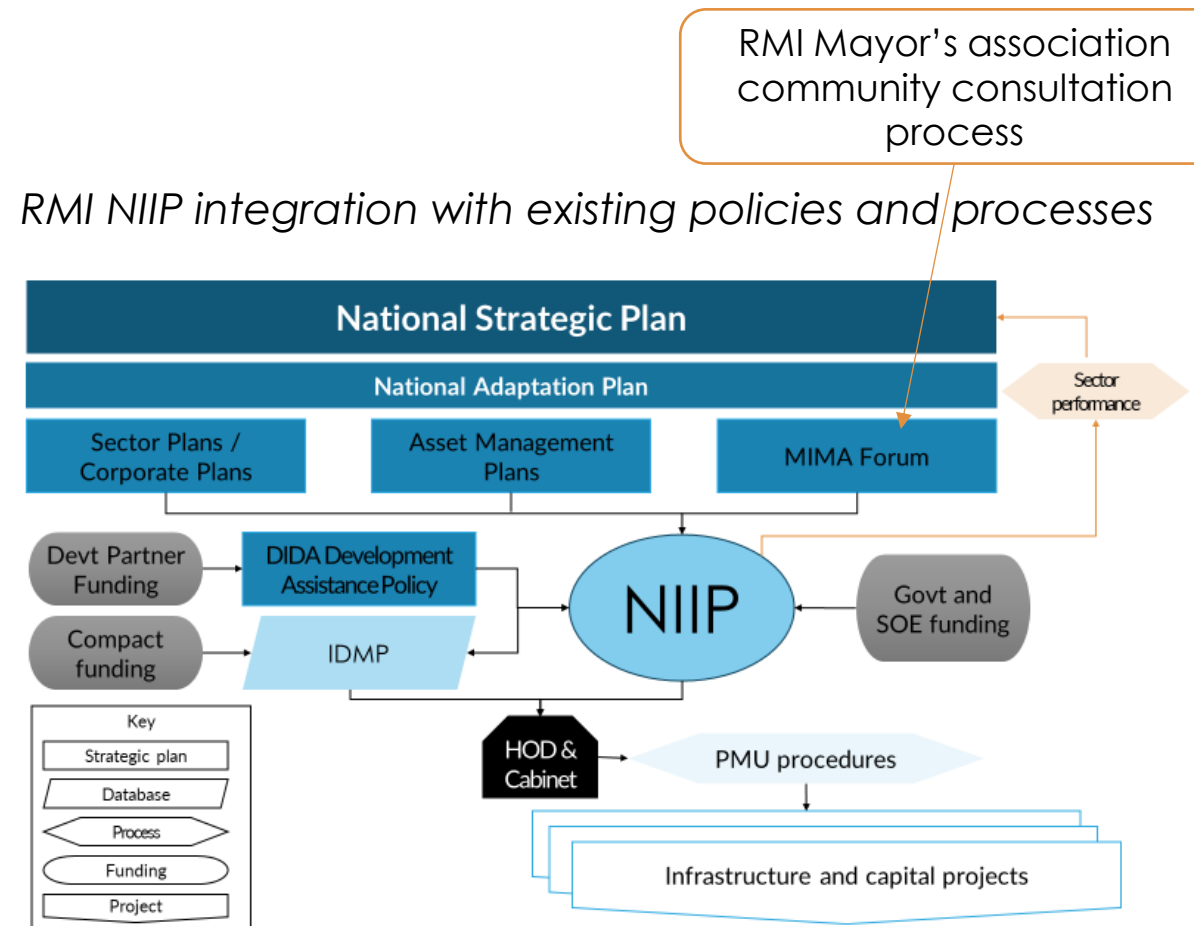
Linkages between the NIIP and inclusive development



How does the NIIP support infrastructure that promotes inclusive development?

- Social and economic inequalities are integral to the NIIP strategic context.
- Full review of government plans and strategies, many of which involved public consultation.
- Thorough sourcing of candidate projects, including from communities.
- Includes social infrastructure like schools and hospitals (not just “hard” infrastructure).
- Reflects national social goals in the prioritisation criteria.
 - Project prioritisation criteria general include: improve livelihoods/employment, reduce poverty, improve equitable access to public services.

The Marshall Islands NIIP sources projects widely, including from community forums



“Promotes VfM and sound PFM”

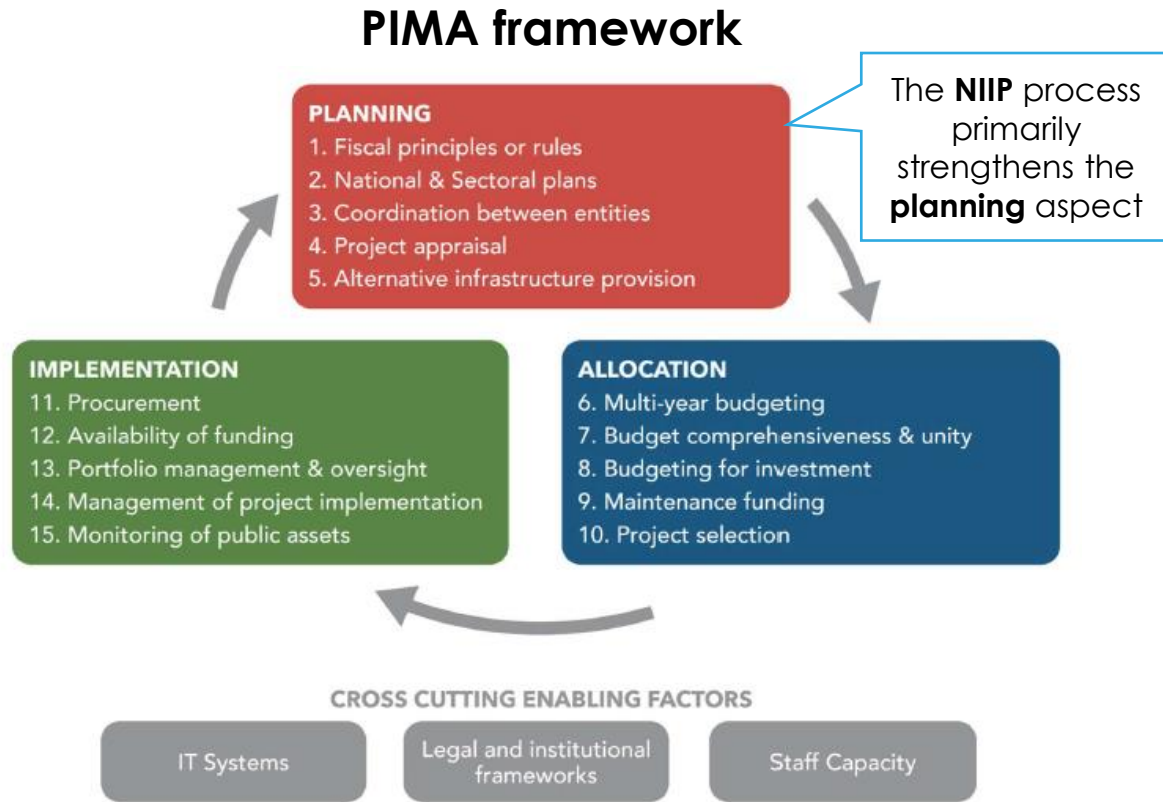
What does this look like in practice?

Quality infrastructure investment planning and implementation is linked with sound PFM and VfM by:

- 1. Improving Fiscal Responsibility:** estimating costs, revenues, and identifying potential risks during infrastructure planning => budget reliability, debt sustainability.
- 2. Optimizing Resource Allocation:** prioritizing projects in line with national goals => directs funds to the highest-impact projects.
- 3. Mitigating Financial Risks:** risk analysis and economic viability assessment => safeguard against unexpected costs and risks to public funds.
- 4. Enhancing Accountability and Transparency:** documenting and applying a clear prioritisation methodology and funding estimate, and publishing the NIIP project list => transparency in decision making and use of funding.
- 5. Facilitating Economic Stability:** a realistic, affordable, and stable project pipeline => helps prevent economic volatility and abrupt fiscal adjustments.

Sam's presentation will discuss infrastructure and transparency.

PIMA and PEFA assess the strengths and weaknesses of a country's PIM and PFM



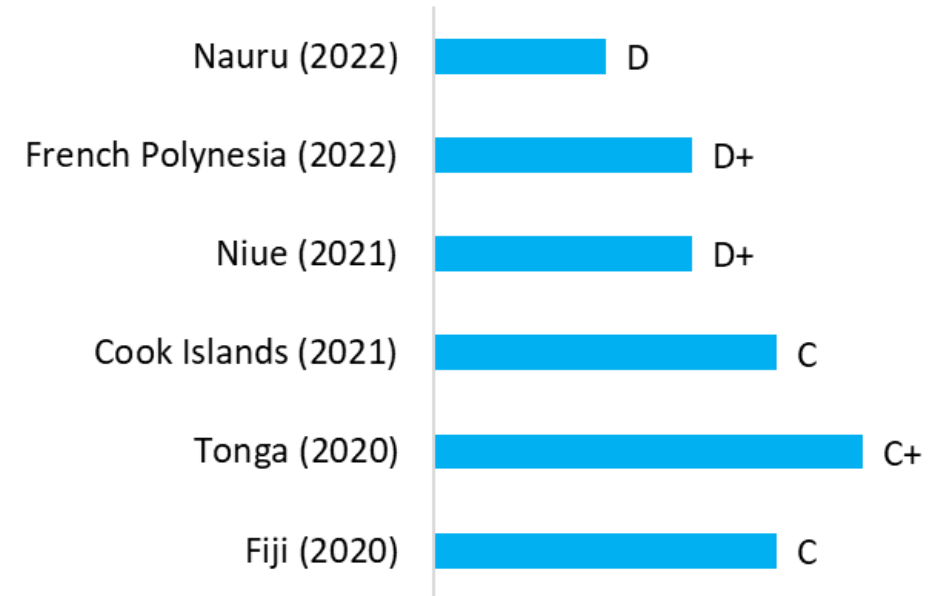
Definitions:

PIM = public investment management

PFM = public financial management

PIM is a subset of PFM

Public Investment Management scores (PEFA)



Source: World Bank, PEFA, 2016 framework

Notes: A (best) – D (worst scale), latest results available, showing all PICs with available data.

A new augmented climate-PEFA assesses the climate-responsiveness of PFM

How does the NIIP support sound PFM and PIM?

- Improving fiscal responsibility: the funding analysis ensures the priority project list (including associated maintenance) is affordable.
- Optimising resource allocation: by linking prioritisation criteria directly to a country's strategic goals.
- Enhancing transparency: by publishing the NIIP process, prioritisation methodology and criteria, and the final priority project list.
- Mitigating financial risks: by accounting for associated costs (such as land, and operations and maintenance) during the funding assessment.
- Mobilising development partner funding: by providing a single priority project list, screened using best practice, and endorsed by the government => improves donor confidence and facilitates the process of matching donors to projects.

Experience in PICs

“The NIIP process has allowed us to strengthen the strategic alignment with national and sectoral plans and [...] improve governance and budget planning systems.”

~ Vasie Ngatoko-Poila | General Manager, Asset Management | **Cook Islands** Investment Corporation

“The investment plan was designed on the basis that the government of Nauru can afford on its own to finance on a recurring basis every year of around at least AUD2 million of infrastructure capital investment.”

~ **Nauru** NIIP (2019)

“Infrastructure provides the backbone for all of government's important services and the private sector ventures that employ our people and create wealth for our nation. We need to build resilient infrastructure and need to follow this up with proper maintenance. In this way, we will get value for money from our infrastructure.”

~ Ma'u Leha | Deputy Secretary, National Planning Division, Ministry of Finance | **Tonga**



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