

## MANAGEMENT RESPONSE TO THEMATIC EVALUATION STUDY ON ADB SUPPORT TO PACIFIC SMALL ISLAND STATES

On 16 March 2015, the Director General, Independent Evaluation Department, received the following response from the Managing Director General on behalf of Management:

### I. General Comments

1. ADB finds the study useful and well-prepared. We thank IED for the collaborative spirit in which the study was undertaken.

### II. Comments on Recommendations

2. **Recommendation 1: *The new Pacific Approach 2015–2020 should have a sharper focus on how ADB engages in the smaller island countries and those affected by FCAS.*** ADB agrees that the new Pacific Approach will guide ADB's engagement in the Pacific, outline regional cooperation and integration activities, and direct ADB's work in the PIC-10 countries. The four larger Pacific DMCs (Fiji, Papua New Guinea, Solomon Islands, Timor-Leste) will have their own country strategy partnerships that guide their country operations.

3. **Recommendation 2: *For stronger and sustained development effectiveness in the Pacific, ADB needs to better resource PARD.*** ADB agrees with the principle that working in fragile states and low capacity settings can be human resource intensive. PARD's staffing needs will be considered as part of the ongoing ADB-wide workload audit and workforce analysis, which will be used to assess the overall ADB staffing requirements. The analysis will review quantitative and qualitative factors, including fragility and weak counterpart capacity. ADB has increased its resources and field presence in the Pacific over the last 10 years. PARD has also made efforts to maximize existing resources by delegating more responsibilities to field offices and by outposting staff. PARD has further supplemented its resources through innovative collaboration with development partners to increase its presence in Pacific DMCs.

4. **Recommendation 3: *ADB would want to support a broader approach to climate change and disaster risk management in small Pacific islands.*** While ADB agrees with the importance of this issue, we are already broadly engaged in this area. ADB regularly incorporates climate resiliency elements into its project work in Pacific countries. As the study itself notes, 40% of loan and grant operations from 2010–2013 supported environmental work. We also work extensively with Pacific DMCs to enhance public sector capacity to mainstream climate change planning and to strengthen public institutions for disaster risk management. ADB will continue to work with development partners on climate change, and we expect to be accredited as a partner of the Green Climate Fund later this year.

5. **Recommendation 4: *To improve project preparation and readiness in Pacific island countries, ADB has to expand use of its project design facility.*** ADB agrees that the project design advance (PDA) is an appropriate instrument for small remote Pacific island countries where weak project readiness often adversely impacts project implementation. In 2014, ADB introduced the concept of a master agreement for PDAs to alleviate legislative and regulatory hurdles that some DMCs may face in processing individual PDAs. ADB can also offer technical assistance loans to finance detailed engineering design prior to project approval.

6. **Recommendation 5: *ADB must further strengthen its approach for capacity building in PSM operations in the PIC-10.*** ADB is already heavily involved in public sector management in Pacific countries. The study acknowledges that, “PSM operations have grown to dominate ADB interventions in the 10 smaller Pacific countries, particularly FCAS countries.” Capacity building in the PIC-10 is a long-term endeavor, and ADB will continue to work in this area in close coordination with the governments and other development partners.