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Pacific Cost-Benefit Analysis Initiative (P-CBA Initiative)

Supporting resilient development in the Pacific: strengthening the use of cost-benefit analysis



Outline

- Background
- Consultations and needs assessment to date
- Draft objectives and main elements of P-CBA anticipated for feedback
- Role of planning meeting in shaping design



Capacity building in CBA

- Increasing interest in cost benefit analysis (CBA)
 - To inform budget submission / project design options
 - To strengthen evaluation / demonstrate impact
 - As evidence to donors
 - Complement/support/strengthen the EIA process
- Recent CBA training (2012-13) as part of PACC project
 - Jointly delivered by SPREP, GIZ, SPC, UNDP, PIFS
 - Practical focus targeting economists and non-economists
- Subsequent requests for in-country training from PICs (e.g. Kiribati, Tuvalu, Vanuatu in 2013)

Lessons

- **PACC CBA Conclusion Workshop recommendations:**
 - Maintain practical/applied focus for Gov officials
 - In-country delivery of training (rather than regional/sub-regional)
 - Longer technical backstopping to support ‘learning-by-doing’
 - Anchored to course/program at formal institution (e.g. USP)
 - Development of a Pacific CBA guideline to support application
- Evaluation report of capacity building components
- http://www.pacificclimatechange.net/components/com_booklibrary/ebooks/SPREP-PACC%20CBA%20report%20-%20FINAL-web.pdf
- Useful mainstreaming tool for integrating climate and disaster risk into mainstream budgeting and planning processes



‘Please describe the costs and benefits of the proposal’

- CBA often included within government processes (e.g. budget submission, project proposal templates) but capacity to conduct and/or manage CBA processes often limited
- Where CBAs conducted often left to Ministry of Finance officials to conduct
- Need for capacity building support to apply existing decision making tools using multi-disciplinary approaches





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“It would be great to introduce this process in-country... I will propose that this become a policy process/requirement that projects undertake CBA at some point or at the very beginning. We will need to further develop our capacity in CBA to do this though”

Palau participant - PACCC CBA training



‘We had some training in CBA a few years ago but I’m the only person left in the Ministry who attended that training’

- Ongoing capacity building needs that require addressing on a sustainable, ongoing basis

‘A consultant recently conducted a CBA of an infrastructure investment – we were consulted but had limited input into the analysis’

- Generating useful outputs to support decision making requires full involvement of officials and ownership of analysis conducted
- Support needed to strengthen existing capacity to input and critique CBAs conducted



‘P-CBA Initiative’

- Strategic and comprehensive effort to enhance national capacity to analyse policies, projects and impacts
- Collaborative initiative:
 - SPREP
 - SPC
 - GIZ
 - USP
 - PIFS
 - UNDP
 - USAID

P-CBA Initiative development

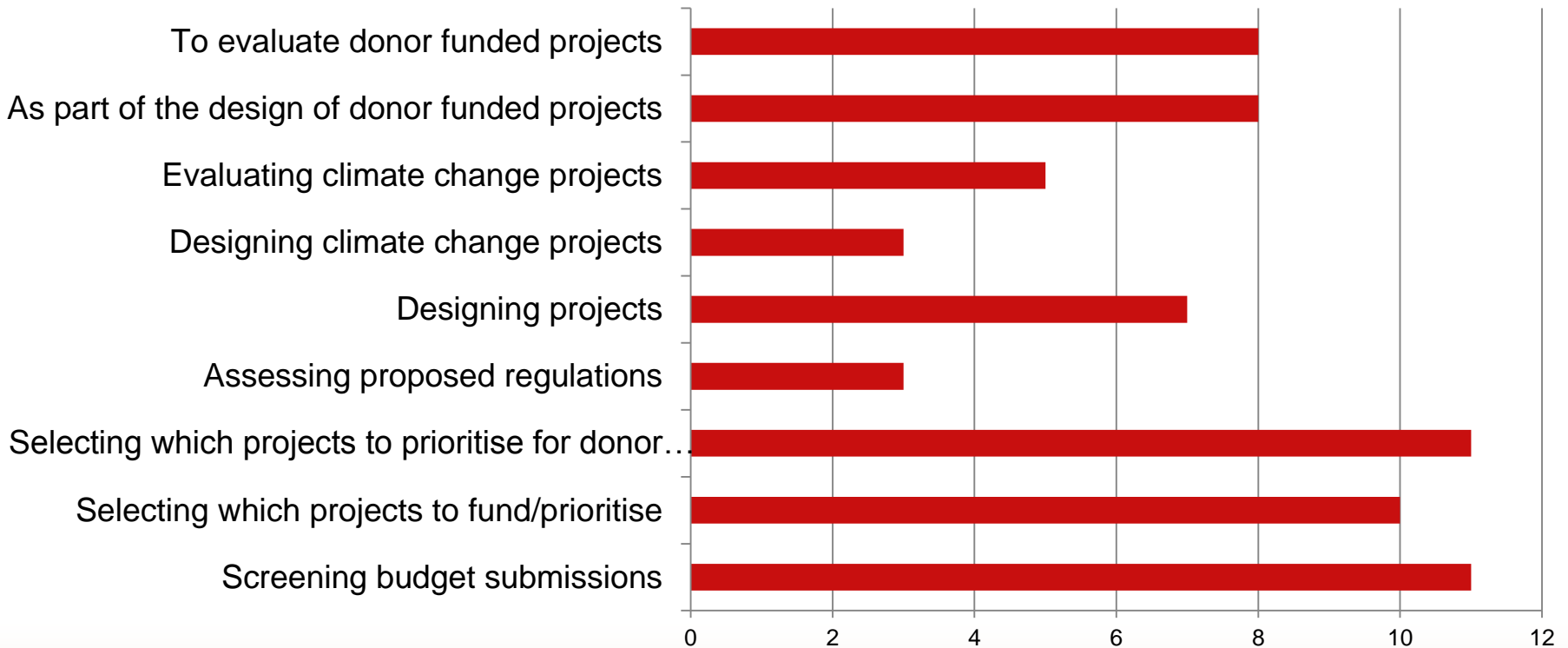
- PIC input and feedback sought
 - Bilaterals
 - Climate Change Finance Workshop (Nadi, June 2013)
 - Background paper at FEMM (July 2013)
 - Pacific Climate Change Roundtable (Nadi, July 2013)
 - SPREP annual meeting (Sept 2013)
 - DPCC (September 2013)



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Needs Assessment

- 4 countries stated that they used CBA systematically at national level (Fiji, Samoa, Tuvalu, PNG)
- **What is it used for?**



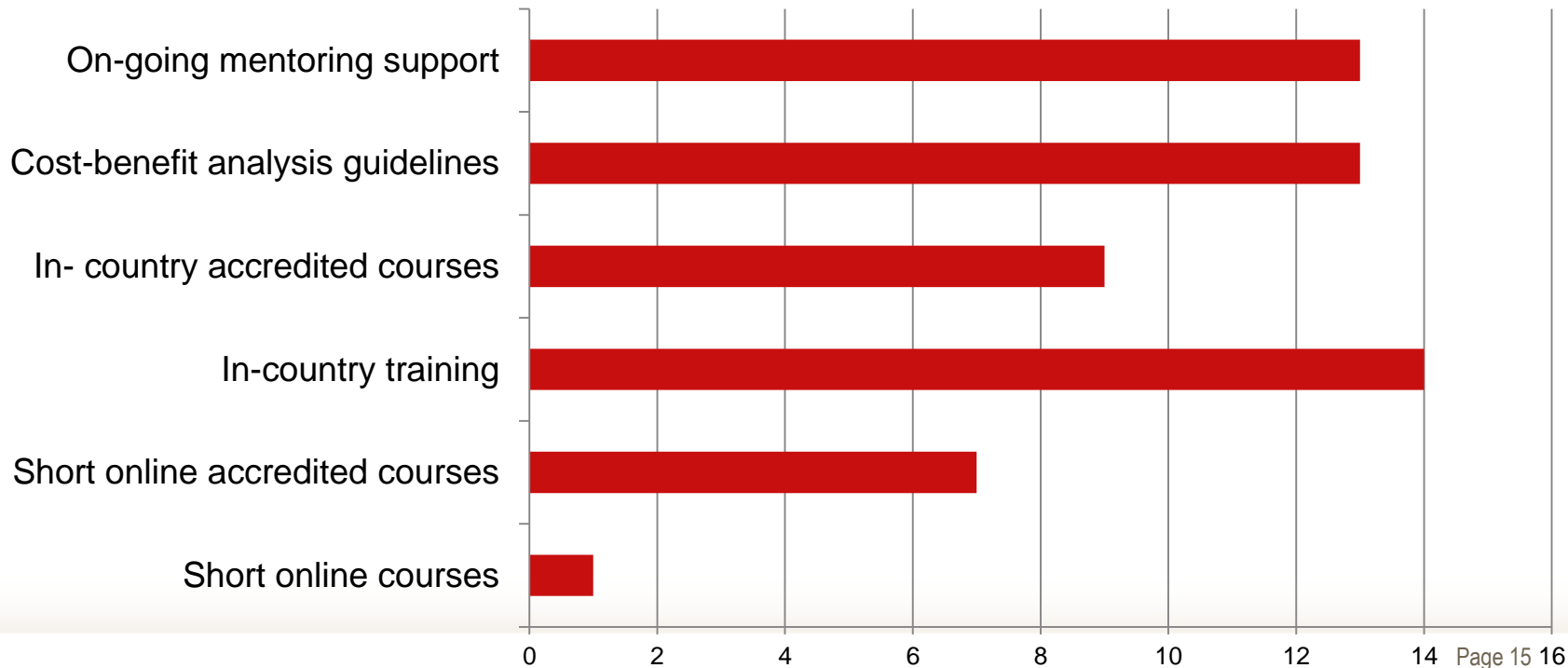


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Needs Assessment

- **Is there a need for capacity building in CBA?**

All 18 respondents identified a need for capacity building - strong demand for in-country training, CBA guidelines and on-going mentoring support





Overall objectives – P-CBA

- Build capacities of PICs to conduct and use cost benefit analysis to inform government decision-making, including the communication of results to policy makers and decision-makers;
- Application of cost-benefit analysis skills to an activity, project, policy or sector plan;
- Adoption of organisational/institutional measures to ensure the ongoing development of cost-benefit analysis capabilities and application of these tools

Responding to immediate needs

Capacity enhancement in CBA at project level:

- i.** Formal training
- ii.** In-country training workshops
- iii.** Learning-by-doing (post workshop mentoring in CBA)
 - i. Link to existing project design and implementation
- iv.** Communication of results for effective decision making



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Longer term– sectoral economic assessments for adaptation

- i. Identification of sectors impacted by CC – demand driven by PICs
 - ii. In-country training in economic assessment and work-planning
 - iii. Learning by doing (through economic analysis and/or active management of consultants conducting it)
 - iv. Communication of results to inform decision-making and investments
- Link to existing project design and implementation
 - Opportunity to use research students





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Process

- Planning Meeting:
plan and shape the initiative based on countries' needs and existing capacities;

- In-country trainings:
government officials are trained on the theory and practice of CBA at project or sector level;

- Mentoring support:
external support for the development of CBA case studies and input to Government decision-making;

- CBA in government processes:
internal sustainability measures to integrate CBA into project appraisal and budgetary planning;



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Guiding Principles

- Country-driven tailored to specific country-needs
- Not a CBA project – links to existing decision making processes / projects
- Collaborative effort among many partners to deliver this work

Next steps

1. Planning meeting to discuss options and finalise design (including content, delivery mechanism, sustainability measures)
2. Seek partner support and links to existing projects
3. Country planning
4. Country roll-out based on needs with partners



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