



# Regional: Assessing and Improving Policy Response to Economic Shocks in the North Pacific

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| Project Name                                                        | Assessing and Improving Policy Response to Economic Shocks in the North Pacific                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                 |
| Project Number                                                      | 54059-001                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                 |
| Country                                                             | Regional Micronesia, Federated States of Palau Marshall Islands                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                 |
| Project Status                                                      | Active                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                 |
| Project Type / Modality of Assistance                               | Technical Assistance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                 |
| Source of Funding / Amount                                          | TA 6695-REG: Assessing and Improving Policy Response to Economic Shocks in the North Pacific                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                 |
|                                                                     | Technical Assistance Special Fund                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | US\$ 750,000.00 |
| Strategic Agendas                                                   | Inclusive economic growth                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                 |
| Drivers of Change                                                   | Governance and capacity development<br>Knowledge solutions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                 |
| Sector / Subsector                                                  | Public sector management - Public administration                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                 |
| Gender Equity and Mainstreaming                                     | No gender elements                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                 |
| Description                                                         | <p>This knowledge and support technical assistance (TA) will strengthen the capacity of North Pacific developing member countries (DMCs) to assess and improve the responses to future external shocks. The TA will examine the ongoing coronavirus disease (COVID-19) pandemic's effects on the flow of external resources (remittances and foreign direct investment (FDI)); demographics, including outmigration; and small and medium sized enterprises (SMEs), and propose actions to mitigate future shocks. Outcomes are linked to the Asian Development Bank (ADB) Strategy 2030, Operational Priority 6.1 and Sustainable Development Goals 1.5 and 8.1.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                 |
| Project Rationale and Linkage to Country/Regional Strategy          | <p>The COVID-19 pandemic has presented unprecedented health, social, and economic challenges requiring country, regional, and global intervention and collaboration to mitigate its negative effects. To date, the pandemic has resulted in more than 62.4 million confirmed cases and over 1.4 million fatalities worldwide. As fragile and conflict-affected situations (FCAS), the Federated States of Micronesia (FSM) and the Republic of the Marshall Islands (RMI) struggle to deliver basic services under normal circumstances. Palau, while not classified as an FCAS, shares many of the same limitations. These governments have worked diligently to respond effectively to COVID-19 and address the health and economic impact of the pandemic, but the effort has stretched these countries' capacity even further. While confirmed cases in the North Pacific DMCs have been limited to those identified in border quarantine, governments have had to take a significant steps to mitigate the risk of transmission and make a number of policy decisions to try to protect their economies, and their citizens, from the economic impact of the pandemic. The North Pacific DMCs have imposed lockdowns and travel restrictions to prevent community transmission of COVID-19, and these decisions continue to have a widespread economic impact. As long as travel restrictions persist, the economies of the Pacific DMCs, particularly the smallest and least developed, will continue to be negatively impacted. Each of the North Pacific DMCs are projected to record successive economic contractions during FY2021 and FY2022.</p> <p>About 1.6% of the population of the North Pacific DMCs migrates to the United States each year under the terms of free movement in their respective Compact Agreements with the United States, and it is uncertain how the COVID-19 pandemic with the challenges in health care and weak health systems in these countries will impact this outmigration going forward. While remittances can increase during crises periods such as the ongoing pandemic, the pandemic's severe impacts on global labor markets, if prolonged, can result in an overall decline in remittances through job losses for migrant workers. As of June 2020, nearly one-third of the world's labor force (32%) were living in countries where workplace closures were required (except for essential industries) and about 42% reside in countries where some workplace closures are required. In 2019, the Republic of the Marshall Islands received the highest remittances in the North Pacific in terms of GDP and per capita share. Inward flows of skilled labor also play a critical role in the north Pacific, being essential to support infrastructure investments which are an important driver of growth in both FSM and RMI. Such projects are expected to be delayed because of ongoing travel restrictions on workers.</p> <p>An effective response to any significant economic shock, including the COVID-19 pandemic, requires a well-informed multisector approach. Ministries responsible for agriculture, finance, health, small business, social protection, and trade, need to work together, along with the private sector and civil society organizations, to collectively develop and deliver on policy responses. Mechanisms for effective whole of government coordination are weak in the North Pacific, while the communication channels between government and the private sector and civil society are not well developed.</p> <p>In responding to COVID-19, governments across the Pacific have struggled in understanding the full extent of adverse impacts due to data and information gaps. Filling in these gaps, particularly in the areas of possible demographic shifts, outmigration and remittances trends, and patterns of business activity as reflected in inflows of foreign direct investment and registrations of small and medium enterprises, among others, can help governments better target social assistance measures toward the most vulnerable households and businesses that most need support during economic downturns or crisis periods. Over the longer-term, improved data gathering and analysis will help strengthen evidence-based policymaking toward more responsive governance and efficient public service delivery.</p> |                 |
| Impact                                                              | Readiness of the North Pacific DMCs to respond to COVID-19 and future pandemics improved.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                 |
| <b>Project Outcome</b>                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                 |
| Description of Outcome                                              | Knowledge and awareness to improve policy responses to future economic shocks in the North Pacific DMCs enhanced                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                 |
| <b>Progress Toward Outcome</b>                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                 |
| <b>Implementation Progress</b>                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                 |
| Description of Project Outputs                                      | Assessments of the policy response to the COVID-19 pandemic responses conducted<br>Data collected on key economic indicators for future shocks                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                 |
| Status of Implementation Progress (Outputs, Activities, and Issues) |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                 |
| Geographical Location                                               | Marshall Islands - Nation-wide; Micronesia, Federated States of - Nation-wide; Palau - Nation-wide                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                 |

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|------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Summary of Environmental and Social Aspects                |                                                                                                                                                                                                                                                                  |
| Environmental Aspects                                      |                                                                                                                                                                                                                                                                  |
| Involuntary Resettlement                                   |                                                                                                                                                                                                                                                                  |
| Indigenous Peoples                                         |                                                                                                                                                                                                                                                                  |
| Stakeholder Communication, Participation, and Consultation |                                                                                                                                                                                                                                                                  |
| During Project Design                                      |                                                                                                                                                                                                                                                                  |
| During Project Implementation                              |                                                                                                                                                                                                                                                                  |
| Business Opportunities                                     |                                                                                                                                                                                                                                                                  |
| Consulting Services                                        | Output-based terms of reference will be considered. ADB will engage an international consulting firm following the ADB Procurement Policy (2017, as amended from time to time) and its associated project administration instructions and/or staff instructions. |
| Procurement                                                | None                                                                                                                                                                                                                                                             |
| Responsible ADB Officer                                    | Curry, Paul                                                                                                                                                                                                                                                      |
| Responsible ADB Department                                 | Pacific Department                                                                                                                                                                                                                                               |
| Responsible ADB Division                                   | Office of the Director General, PARD                                                                                                                                                                                                                             |
| Executing Agencies                                         | Asian Development Bank<br>6 ADB Avenue,<br>Mandaluyong City 1550, Philippines                                                                                                                                                                                    |
| Timetable                                                  |                                                                                                                                                                                                                                                                  |
| Concept Clearance                                          | -                                                                                                                                                                                                                                                                |
| Fact Finding                                               | 04 Feb 2020 to 04 Feb 2020                                                                                                                                                                                                                                       |
| MRM                                                        | -                                                                                                                                                                                                                                                                |
| Approval                                                   | 18 Dec 2020                                                                                                                                                                                                                                                      |
| Last Review Mission                                        | -                                                                                                                                                                                                                                                                |
| Last PDS Update                                            | 19 Dec 2020                                                                                                                                                                                                                                                      |

## TA 6695-REG

| Financing Plan/TA Utilization |             |             |               |                 |        | Cumulative Disbursements |      |        |
|-------------------------------|-------------|-------------|---------------|-----------------|--------|--------------------------|------|--------|
| ADB                           | Cofinancing | Counterpart |               |                 |        | Total                    | Date | Amount |
|                               |             | Gov         | Beneficiaries | Project Sponsor | Others |                          |      |        |
| 750,000.00                    | 0.00        | 0.00        | 0.00          | 0.00            | 0.00   | 750,000.00               | -    | 0.00   |

|                         |                                                                                                                                                       |
|-------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|
| Project Page            | <a href="https://www.adb.org/projects/54059-001/main">https://www.adb.org/projects/54059-001/main</a>                                                 |
| Request for Information | <a href="http://www.adb.org/forms/request-information-form?subject=54059-001">http://www.adb.org/forms/request-information-form?subject=54059-001</a> |
| Date Generated          | 22 December 2020                                                                                                                                      |

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