Regional Pooling of Services in the Pacific

Matthew Dornan
Development Policy Centre, ANU
Matthew.Dornan@anu.edu.au
Types of regionalism in the Pacific Plan

1. **Regional provision of services (pooling):**
   Governments are freed from daily management of some services.

2. **Regional integration:**
   Lowering market barriers between countries.

3. **Regional cooperation:**
   Services are provided nationally, but with coordination of policies between countries.
Lessons from club theory

• Every member must benefit (benefits > costs)

• Benefits of pooled service provision must:
  – Be greater than those of national service provision ("benefits of sovereignty")
  – Offset other short-term adjustment costs (harmonisation etc)

• Sharing benefits fairly reduces conflict
Principal-agent challenges

“Principal-agent problems are typically compounded in public administrations.”

Barder, 2009 – *Beyond Planning: Markets and Networks for Better Aid*
Findings

1. Since 2005, the number of attempts to pool services has grown...

2. ...and a patchwork of pooled service provision has emerged

- **FFA**: 17 members
- **PNA**: 8 members
- **Sub-regional audit**: 3 members
- **USP**: 12 members
- **OCTA**: 12 members
- **SPTO**: 14 members + China
- **+ China**
Findings

3. The centralising effects of pooling create tension between:

– efficiency/commercial objectives, and

– equity objectives
Findings

4. (Almost) all pooled services in the Pacific are donor-funded

5. “Pooling” initiatives in the Pacific are often more correctly labelled capacity building
Pooling of service delivery

- Pooling of capacity building efforts

Not reliant on donor funding

- Donor funded

- Micronesia shipping co.
- Fiji bulk pharm.
- USP
- PT&I
- OCTA
- Air Pacific
- PNA
- SPTO
- PFL
- Bulk pharm. procurement
- Bulk fuel procurement
- FFA
- PASO
- Statistics (SPC)
- APTC
- RAMSI
- RAMSI
- PIRRC
- PRAI
- PIPSO
- PFTAC
- OCO