



Australian Government

Department of Foreign Affairs and Trade

Aid Program Performance Report 2013-14

Pacific Regional

September 2014

Key Messages

This Aid Program Performance Report (APPR) summarises the achievements and development results of Australia's Pacific Regional aid program over the period July 2013 to June 2014.

Key findings in this report are:

- **Australia continues to play an active role in advancing Pacific regionalism and supporting regional approaches to Pacific prosperity, development and stability.** Australia has actively supported significant developments in Pacific islands regionalism in the past year, most notably leaders' approval of a new 'Framework for Pacific Regionalism'.
- **The Pacific Regional program is delivering strong results.** The program accounted for 4.47 per cent of the total aggregate results for the aid program in 2013-14 compared to 0.03 per cent in 2012-13 and 0.85 per cent in the 2011-12. These results include improving access to financial services for over 300,000 poor men and women, training of over 800 public servants and providing counselling to over 900 women survivors of violence.
- **The program is well placed to support the Government's new development policy and performance framework and has taken early opportunities to achieve greater alignment.** This has included the establishment of new partnerships with the major Pacific regional organisations (PROs), enhanced support to regional fisheries and improved focus of the regional economic growth portfolio to support the regional economic diplomacy agenda.
- **The program is set to deliver strong results over the next 3 years** including:
 - US\$50m in lending from financial institutions to 1000 small and medium enterprises (SMEs);
 - US\$750m in new private sector investment;
 - Annual 5per cent increases in government revenue from offshore tuna fisheries;
 - 3150 graduates with internationally recognised technical vocational education and training (TVET) qualifications; and
 - 280 tertiary graduates with internationally recognised clinical qualifications in the health sector.
- **The Regional program has made steady progress to improve areas of underperformance; and generally ensured a better focus on measurable outcomes.** There is now a stronger focus on country-level reporting and for the first time this APPR includes country reports as annexes.
- **Budget rationalisation and restructuring was undertaken in early 2014** providing for sectoral budget management, better pipeline planning and management of budgets between Canberra and Suva. A new Regional Aid Investment Plan will provide a comprehensive basis against which to report performance in 2014-15 and allow for greater consolidation.

Context

In the last year, a comprehensive review of the Pacific Plan¹ has provided a renewed focus on Pacific islands regionalism. The review found the Pacific region was experiencing significant social, economic and environmental challenges and on a trajectory to become the slowest growing region on Earth. The review authors found a desire across the region for higher quality political debate, policy and cooperation at the regional level to deliver bigger results – to be genuinely ‘game-changing’ in terms of mitigating the region’s growing vulnerabilities and dependencies. The review found the Pacific Plan had ‘lost its way’, had limited ownership at the political level and was not driving regionalism.

The review also found Forum processes largely officials-led, with little space for leaders to have political conversations, and incentives skewed to encourage each regional organisation and country to prosecute its own (mainly technical) agenda. It found the financing of regional organisations heavily dependent on donor support, leading to tensions around donor ‘control’ and a trend of ‘bilateralisation’ whereby regional organisations were becoming ‘project hotels’, their mandates derailed by ‘an increasingly diverse and off-mandate set of transactional activities’. On the wider network of regional organisations, they found reform of the regional institutional architecture ‘unfinished business’.

At the time of writing, leaders had endorsed recasting the Pacific Plan as a ‘Framework for Pacific Regionalism’ that would be explicitly political, not technical. They recommended overhauling the supporting institutions and processes to enable a political conversation, identify game-changing initiatives, improve efficiency and ensure predictable, sustainable and less distortionary regional financing.

Pacific Island countries’ (PICs) progress toward achieving the Millennium Development Goals (MDGs) remains largely unchanged from the status reported in 2013.² Only Cook Islands and Niue are on track to achieve all the MDGs, while Palau, Fiji and Tonga are on track to achieve at least four of the MDGs. Samoa and Tuvalu are on track to achieve three of the MDGs, with Republic of the Marshall Islands (RMI), Nauru and Vanuatu on track to achieve two. The Federated States of Micronesia (FSM) may achieve only one of the MDGs, and Solomon Islands and Papua New Guinea (PNG) are not on track to achieve any of the eight MDGs.

Several countries³ have a relatively high prevalence of underweight children and problems of malnutrition, however for the majority, concern is overweight children and obesity, consistent with the non-communicable diseases (NCDs) crisis in the region. Managing the ‘double burden’ of NCDs with continued threats from communicable diseases and maternal and child mortality remains a large challenge. More than half of the countries are on track to achieve universal primary education, with free and compulsory education proven to be an effective tool in improving access. However, the quality of education remains a concern across the region, with many students finishing school without basic literacy and numeracy skills.

While extreme poverty⁴ is rare in the Pacific, poverty does remain a big challenge for many countries.⁵ Persons with a disability in PICs are among the poorest and most marginalised members of their communities. There are large pockets of youth unemployment and

¹ The Pacific Plan is the master strategy for strengthening regional cooperation and integration in the Pacific. <http://www.pacificplanreview.org/pacific-plan/>

² 2013 Pacific MDG Tracking Report.

³ FSM, Kiribati, Republic of Marshall Islands, PNG and Vanuatu

⁴ Defined as the proportion of the population living below US\$1.25 a day.

⁵ Around 75 per cent of the region’s poor reside in PNG with the remaining countries accounting for roughly 600,000 of the poor, of which half this number live in Fiji. Major challenges in reducing poverty are the generally low economic growth outcomes and lack of job opportunities.

underemployment, especially in urban centres. Over 20 per cent of people in most PICs live in hardship and are unable to meet their basic food and non-food needs.⁶ Many people not currently in hardship remain extremely vulnerable to it.

On gender equality, the majority of countries have achieved gender parity in education, with emerging concerns over the attendance and performance of boys, particularly in high school. Progress towards empowering women is much slower.⁷ The Inter-Parliamentary Union⁸ reports that globally, women comprise 21.9 per cent of national parliamentarians (world average as at June 2014), but the percentage of women in Pacific parliaments currently hovers at around 5 per cent.⁹ Violence against women prevalence surveys show that up to 60 per cent of women and girls have experienced violence at the hands of partners or family members.¹⁰

While figures for economic growth in the Pacific region mask significant variation, the Pacific is projected to be the slowest growing region in the developing world by 2016.¹¹

The resource-based economies of PNG and the Solomon Islands are driving growth across the region due to natural resource industries; however, this has not promoted broad-based economic growth and poverty reduction. Both countries' economies are undiversified and have the lowest GDP per capita in the Pacific region, with the exception of Kiribati. Increasing the level of broad-based business activity in PNG and the Solomon Islands would lead to the gains from economic growth being distributed more broadly.

Other PICs' economies with the capacity for self-sustained growth (Cook Islands, Fiji, Samoa, Tonga, Vanuatu and Palau) have more diversified economies, with tourism, remittances and exports in goods contributing to GDP. Growing the existing industries in these economies, as well as developing new markets and increasing labour mobility, will help these countries to achieve self-sustained growth.

The smaller states (Kiribati, Nauru, Tuvalu, Niue, FSM and RMI) are geographically isolated atolls with small and dispersed populations, and accordingly face major challenges to private sector development, trade and economic growth. While the governments of some of these smaller states are likely to remain reliant on development assistance, improving the business-enabling environments can facilitate private sector ventures that can be viable in small state economies, such as fisheries and domestic services. Greater trading and labour mobility opportunities for these countries will increase jobs and incomes.

Australia's Pacific Regional aid program

Regionalism and regional investments in economic growth, development and security represent an important part of the Pacific's present and future. The Pacific 'regional aid program' is one single program; in totality, it is close to \$200m, the third largest program in the Department, although half of that is allocated as ODA to individual countries as outlined in the country

⁶ <http://documents.worldbank.org/curated/en/2014/01/19188485/regional-companion-world-development-report-2014-hardship-vulnerability-pacific-island-countries>.

⁷ As measured by the share of women in the non-agricultural sector and seats held by women in parliament.

⁸ <http://www.ipu.org/wmn-e/world.htm>.

⁹ <http://www.pacwip.org/women-mps/national-women-mps/>.

¹⁰ E Ellsberg, B Heilman, S Namy, M Contreras and R Hayes (2012). *Violence against Women in Melanesia and Timor-Leste: Progress Made Since the 2008 Office of Development Effectiveness Report*, International Centre for Research on Women, p. viii.

¹¹ The slowest growth is expected in FSM, Solomon Islands, Samoa, Palau and Tuvalu. Yet growth overall is expected to soar to 13.2 per cent in 2015; driven by very high growth in PNG from liquefied natural gas exports. The outlook excluding PNG is modest at 2.8 per cent.

reports attached as annexes to this report.¹² It recognises that some issues are best approached regionally in the Pacific and seeks to both support and complement Australia's individual bilateral country aid programs across the Pacific.

All Australia's regional investments must adhere to the principle of subsidiarity: where action can be taken most efficiently and effectively at local or national levels, the Regional program should not have a role. There are two types of investments: Australia's **regional** investments are designed to support PICs achieve outcomes that can only be achieved through cooperation, pooling of services or integration such as support for Pacific Agreement on Closer Economic Relations (PACER) Plus or the management of the shared oceanic resources. **Multi-country programs**, on the other hand, are designed specifically to provide outcomes for individual countries through approaches that, for various reasons, are more efficiently and effectively implemented on a regional rather than bilateral basis, such as the Australia Pacific Technical College.

Expenditure

Table 1 Expenditure in FY 2013-14

Sector	A\$ million	per cent of program
<i>Infrastructure, trade facilitation and international competitiveness</i>	19.15	11 per cent
<i>Agriculture, fisheries and water</i>	6.96	4 per cent
<i>Effective governance: policies, institutions and functioning economies</i>	55.71	32 per cent
<i>Education and health</i>	71.37	41 per cent
<i>Building resilience: humanitarian assistance, disaster risk reduction and social protection</i>	13.93	8 per cent
<i>Gender equality and empowering women and girls</i>	6.96	4 per cent

Progress towards objectives¹³

Table 2 Rating of the program's progress towards Australia's aid objectives

Sector	Current rating	Previous rating
<i>Infrastructure, trade facilitation and international competitiveness</i>		
Infrastructure	Green	Green
Sustainable economic development	Green	Amber
<i>Agriculture, fisheries and water</i>		
Fisheries	Green	Green
<i>Effective governance: policies, institutions and functioning economies</i>		

¹² The Regional aid program is jointly managed between Canberra and Suva (with one program managed in Vanuatu), with the principle of managing the program from where the partner is the closest. With a few exceptions Suva, as the regional hub, has responsibility for support to Pacific-based partners; Pacific Regional Organisations (PROs), United Nations (UN) agencies and other Pacific-based programs, while Canberra has responsibility for Australia-based partners; Whole of Government agencies and other Australia-based organisations such as Australian research institutions and the multilateral banks.

¹³ The Pacific regional program is primarily assessed on progress towards individual activities in defined sectors. Some overall program objectives have recently been defined, with performance reporting beginning to support assessment of those objectives. For the most part, however, this report is informed by progress as reported against individual initiatives.

Pacific regional organisations	Green	Green
Governance	Amber	Amber
Multilateral agencies	Amber	Amber
<i>Education and health</i>		
Health	Green	Amber
Education	Green	Green
<i>Building resilience: humanitarian assistance, disaster risk reduction and social protection</i>		
Climate change, disaster risk reduction and environment	Green	Green
Disability inclusive development	Green	Green
<i>Gender equality and empowering women and girls</i>		
	Amber	Amber

Australia's regional aid program investments focus on infrastructure, increasing private sector development, trade and labour mobility opportunities in the Pacific and targeted investments in regional resilience building. Women's economic empowerment is a focus of all investments.

Infrastructure, trade facilitation and international competitiveness

Australia's investments in **infrastructure** in the Pacific are helping to support economic growth and jobs and increase access to health and education services. Australia is assisting in the coordination of up to \$1.7 billion of donor investments in infrastructure, through our support to the Pacific Regional Infrastructure Facility.¹⁴ Our support to the Tonga-Fiji connectivity project has resulted in a 60per cent reduction in internet connectivity costs to households and businesses in Tonga, and in the opening of a call centre through a joint venture between Tongan entrepreneurs and a Japanese investor employing 35 Tongans, mostly youths.

Regional investments have contributed to improving the environment for **growth and investment**, by addressing institutional and policy constraints. They also leverage private investment into the Pacific region, creating jobs and economic growth. Key results are:

- The *Pacific Private Sector Development Initiative* (PSDI) assisted countries to foster a dynamic and entrepreneurial private sector. In Solomon Islands, for example, businesses can now use 'moveable property'¹⁵ as security for loans resulting in over 10,000 security interests being filed (as of end 2013). On average, loan processing times have declined from several weeks to 1-2 days and the largest finance company reports an increase in its loan portfolio by a factor of six as a result of the reform. The challenge, and next step, will be working with the mainstream commercial banks to encourage them to adopt a similar approach.
- The *International Finance Corporation* (IFC) Pacific Partnership¹⁶ leveraged private sector finance and created economic opportunity. For example, IFC invested in upgrading and expanding Sol Tuna, Solomon Islands' only tuna loining and canning facility, which will create jobs for over 500 people.
- The *Pacific Financial Inclusion Program* (PFIP) continues to increase basic financial services to the poor and unbanked. In 2013/14, PFIP improved access to financial services for over 300,000 poor men and women and to financial education for over 200,000 students (48per cent female) in Samoa and Fiji.¹⁷

¹⁴ PRIF is a multi-donor investment coordination mechanism which helps to support the delivery of more efficient and sustainable infrastructure in the Pacific.

¹⁵ Such as accounts receivable, inventory, and equipment.

¹⁶ The IFC partnership will leverage \$1 billion of private sector finance into the region, create economic opportunities for 75,000 people, and give 1 million people access to finance by 2017.

¹⁷ Through PFIP supporting Solomon Islands, Vanuatu and Papua New Guinea have begun preparing similar strategies.

- The UN Women *Markets for Change* provided financial literacy and business management training in Fiji, Vanuatu and Solomon Islands. Progress includes training of over 85 vendors (including 12 men) in markets in Fiji on the roles of market vendor associations.

Regional investments supporting economic growth through increased **trade and labour mobility** supported the following achievements:

- Australia provided support to the Pacific islands to negotiate the PACER Plus trade agreement, including support to the Office of the Chief Trade Adviser to provide high-quality technical advice to PICs.
- DFAT's support for the Pacific Islands Forum Secretariat (PIFS) contributed to Samoa and Nauru ratifying the Pacific Islands Countries' Trade Agreement (PICTA) Trade in Services (TIS) protocol, bringing the total number of PIC signatories to 10; the accession of Samoa and Vanuatu to the World Trade Organisation (WTO); and renewed agreement between PIFS and the WTO to provide capacity building programmes for Forum member country officials.
- The Pacific Horticultural and Agricultural Market Access Program (PHAMA) is helping primary producers in Fiji, Samoa, Solomon Islands, Tonga and Vanuatu to meet international export requirements. PHAMA has been able to successfully investigate and establish export pathways for several key crops.¹⁸
- The Australia-Pacific Technical College (APTC) continues to produce graduates from 14 PICs with Australian-standard, labour market relevant skills. Recent research¹⁹ has confirmed impressive employment outcomes for APTC graduates (see education section for more details). While the APTC has been very successful in large-scale skill creation and employment outcomes, progress against its other purpose, increasing labour mobility, has been notably low with only 6.2 per cent of APTC graduates having moved between regions, or to another country.²⁰ Recent research²¹ found the most important limits on migration opportunity to Australia are the lack of an affordable path for APTC graduates to get their skills and experience assessed and certified, and mechanisms for establishing linkages with potential Australian employers.
- Australia's Seasonal Worker Program (SWP) facilitated access to jobs in Australia for 923 (828 male, 95 female) workers from Kiribati, Nauru, PNG, Samoa, Solomon Islands, Tonga, Timor-Leste, Tuvalu and Vanuatu. The average seasonal worker remits around \$5,000 - \$6,000 for a six-month placement, meaning that during this year around \$5 million has been remitted to the Pacific.

Factors affecting progress and future actions

Regional investments in this area will continue to expand in 2014/15 with a particular focus on further work to forge partnerships with the private sector across the region. Greater participation of women in the SWP is one area that will be considered in the new design of the Labour Mobility Initiative. We are also developing partnerships with banks to provide better access to financial service products and to reduce the cost of remittances so that more money earned by SWP participants is repatriated and invested wisely.

¹⁸ Specifically, Fijian taro, papaya and ginger exports to Australia and New Zealand. PHAMA also trained farmers to improve production and meet international export requirements. The program supported increased Tongan water melon exports from 100 to 280 tonnes, and helped Solomon Islands avert significant loss of fish exports to the European Union worth \$46 million. Sawn timber exports from Solomon Islands to Australia have created additional revenue valued at US\$3.3 million per year.

¹⁹ National Centre for Vocational Education Research consultancy Report. *APTC Graduates Down the Track*. December 2013.

²⁰ National Centre for Vocational Education Research consultancy Report. *APTC Graduates Down the Track*. December 2013.

²¹ Centre for Global Development. Working Paper 370: Skill Development and Regional Mobility: Lessons from the Australia-Pacific Technical College. June 2014.

Fisheries

Fisheries is a key economic driver in the Pacific region.²² Australia supports the sector primarily through regional approaches. The Secretariat of the Pacific Community (SPC) and the Forum Fisheries Agency (FFA), supported by the Australian Centre for International Agricultural Research (ACIAR), continue to be effective and efficient avenues for Australian support. Recent highlights include:

- *Economic development:* GDP, government revenues, exports and the vessel day benchmark price have all increased substantially; onshore investments in fisheries are increasing, as are exports to the European Union and other markets. Significant progress has been made towards the renegotiation of the US Tuna Treaty.
- *Food security and livelihoods:* Support for aquaculture enterprises and trials of the use of by-catch for food has stepped up. Trials of new community-based fisheries management initiatives have commenced.
- *Management Measures:* In December 2013, two new Western and Central Pacific Fisheries Commission (WCPFC) measures on conservation burdens and the special requirements of Small Island Developing States were adopted. Challenges remain in securing the full cooperation of the Distant Water Fishing Nations.
- *Surveillance and Compliance:* The Vessel Day Scheme effectively limited in-zone fishing efforts. Fifteen (of 17) FFA members were assessed as compliant under the WCPFC compliance monitoring scheme. Increased Vessel Monitoring Scheme reporting rates: 98.7 per cent in 2013 (from 89.7 per cent in 2012). The Niue Treaty Subsidiary Agreement, for the sharing of fisheries and law enforcement information, was advanced.²³ Effective coordination of regional surveillance operations continued.
- *Women and fisheries:* In 2013, FFA included gender measures in the minimum terms and conditions required of vessels operating within FFA waters (including separated on-board accommodation), and SPC prepared a study of gender in fisheries science and management, which proposes ways to promote women in this field. The promotion of the role of women is central to the community-based fisheries management trials.

Factors affecting progress and future actions

Notwithstanding recent successes, the long term sustainability and profitability of Pacific fisheries is threatened by potential overfishing and overcapacity. The extent of illegal, unreported and unregulated fishing, including on the high seas, remains a challenging issue requiring strong international cooperation and advocacy. The financial viability of the region's long line albacore fishery is under threat from more efficient foreign fleets. Further, challenges to the domestic industry include limited infrastructure capital, the high cost of doing business, difficulties in maintaining EU preferential market access, and fluctuations in the market price of tuna. Inshore fisheries remain under threat from population growth, over-exploitation and environmental factors.

We will promote and sustain our investments in regional fisheries reflecting the Australian Government's commitment to enhanced engagement in the broader Agriculture, Fisheries and Water sectors as part of Australia's new global aid policy framework.

Effective governance: policies, institutions and functioning economies

²² Over 10 per cent of the region's GDP and over 15 000 formal jobs, principally from tuna; more than US\$240 million in direct annual government revenues in the region; 47.4 per cent of coastal households derive their first or second income from fisheries; between 70 to 90 per cent of animal protein is derived from fisheries in many Pacific Island populations (source: SPC-FAME & FFA annual reporting).

²³ The NTSA formally came into force in August 2014.

Over the period July 2013 - June 2014 Australia supported improved regional governance through the PROs, of which we are a key member and development partner. Australia also supported improved governance in individual PICs through a range of discrete initiatives in economic management, social protection and inclusion, media and leadership.

Pacific regional organisations

Australia has played an active role in Pacific regionalism for over 60 years; our support for regional organisations being a longstanding policy position. Regional organisations in the Pacific are central to the pursuit of regionalism, providing their members with opportunities for collective action that would not otherwise be possible. For Australia, they are important vehicles for policy dialogue and for advancing our considerable foreign policy, trade, defence and development interests across the region. As a member of the major PROs, as well as their most significant development partner, we have a key role to play in positioning and enabling them to contribute to regional growth, stability and development in the Pacific.

Over the period of this APPR, Australia has supported an ambitious reform agenda across the key PROs to improve their accountability and effectiveness. Sectoral achievements of PROs are included throughout this APPR, but key reform achievements over 2013/14 were:

- Negotiating and signing new multi-year partnerships with the three largest regional organisations, the Pacific Islands Forum Secretariat (PIFS), SPC and University of South Pacific (USP). These partnerships improve predictability of financing, utilise key corporate and strategic documents to drive efficiency, effectiveness and accountability; and deepen the relationship between Australia and these key PROs.
- PIFS: The establishment of an operational Audit and Risk Sub-Committee and Strategic Planning Unit; significant analysis on and consultation with members on the 'Framework for Pacific Regionalism' resulting in submission and approval by leaders in July 2014. This document will drive PIFS strategic planning for the foreseeable future.
- SPC: The release of SPC's new Corporate Strategic Plan (2013-15) and related performance framework continue to demonstrate SPC's good progress in establishing a clear strategic direction. Assisted significantly by Australia, SPC has strengthened its monitoring, evaluation and learning processes, including the introduction of country-level reporting, which includes useful budgetary information and examples of how SPC's work complements national development plans. Divisional strategic plans are increasingly reflecting a focus on results.
- USP: An independent, external quality audit undertaken in 2013 found positive, ongoing momentum of USP's reform agenda, which signalled its potential to meet its aspirations for excellence and noted its strong leadership. USP is currently working through its action plan based on recommendations of the audit and will have progress monitored by the Chair of the audit panel beginning in October 2014.
- Secretariat of the Pacific Regional Environment Programme (SPREP): SPREP continues a process of reform to strengthen its governance arrangements, financial management and human resource management.²⁴ SPREP's country-level reporting has been well received by members who now have a better sense of what the organisation can deliver for their annual membership fees. In addition to passing its EU audit in 2013, corporate reforms have provided confidence to new donors, with the UK joining in 2013.

Factors affecting progress and future directions

²⁴ These reforms are now paying dividends for SPREP through increased effectiveness and accountability of its programs. The success of these reforms was reflected in SPREP's accreditation as a Regional Implementing Entity by the Adaptation Fund Board under the Kyoto Protocol, from 1 November 2013; as well as passing its European Union audit in 2013.

Ensuring effective coordination across PROs remains a high priority for Australia. Current inefficiencies across the network of regional organisations add significant opportunity cost for the region's already stretched human and financial resources. Australia will continue to support reform within individual organisations but needs to focus more on issues of networked governance across the range of regional and international organisations.

Governance initiatives

The Regional program supports a number of key investments designed to support effective governance across the region through the provision of specialised services and supporting countries to adopt and adhere to regional norms and standards. Key achievements include:

Promotion of regional and international norms and standards:

- **Human Rights:** SPC's *Regional Rights Resource Team (RRRT)* assisted PICs draft key human rights-related legislation: for example, drafting and technical support provided to the governments of Kiribati and Tonga resulted in the passing in the respective Parliaments of the Kiribati Family Peace Bill and the Tonga Family Protection Act.
- **Child Protection:** Australian funding through UNICEF supported legislative reform in Kiribati, Solomon Islands and Samoa to strengthen their implementation of the Convention on the Rights of the Child (CRC). Child protection baseline reports were launched in Palau and RMI and the percentage of children under 5 registered in Kiribati increased in 2013 from 68 per cent to 82 per cent and in Vanuatu from 40 per cent to 52 per cent.
- **Leadership:** The *Pacific Leadership Program (PLP)* supported the Tonga National Leadership Development Forum's establish a 'Leadership Code'²⁵ outlining the main principles of good leadership. In Vanuatu, PLP has supported the *Women in Shared Decision Making (WISDM)* coalition to address the issue of women in political decision making through Temporary Special Measures.
- **Anti-Corruption:** The *UNDP-Pacific Centre* supported Kiribati to accede to the UN Convention against Corruption (UNCAC) in September and PNG and Vanuatu completed their implementation reviews.²⁶ Representatives from Nauru and Kiribati undertook a placement with the Fiji Financial Intelligence Unit to learn from Fiji's experience on anti-money laundering.
- **Media:** The *Pacific Media Assistance Program (PACMAS)* remains a significant investment in improving the quality of tertiary-level media education with a particular focus on expanding opportunities for women. Key results included collaboration between technicians, ICT specialists and businesses across the region to improve the quality and affordability of media delivery systems and to respond to technological change.

Provision of specialized Governance services:

- *Pacific Financial Technical Assistance (PFTAC)* continues to play a valuable role in the region supporting Public Expenditure and Financial Accountability (PEFA) self-

²⁵ Signed by the Crown Prince in 2013.

²⁶ With a further seven countries now undergoing review: Cook Islands, Kiribati, Marshall Islands, Federated States of Micronesia, Nauru, Palau and Solomon Islands. Six of the seven countries under review have been trained on the UNCAC review process. UNDP's Pacific Centre and the UN Office of Drugs and Crime (UNODC) provided support to countries on implementing UNCAC, including: training to the Parliaments of Kiribati and Samoa on public financial oversight; training for prosecutors in Solomon Islands on corruption prosecution; support to Papua New Guinea on developing legislation to establish the proposed Independent Commission against Corruption; support to Kiribati, Solomon Islands, Tonga and Vanuatu to develop and implement Freedom of Information regimes; and awareness raising in Kiribati and Vanuatu on options for developing anti-corruption policies.

assessment,²⁷ with two additional countries undertaking PEFA in the last year. It also continued to provide high-level technical advice and trained 234 public servants.

- *Pacific Technical Assistance Mechanism (PACTAM)* continued to provide an efficient and effective mechanism for recruiting and managing advisers around the Pacific.²⁸ As of 31 March 2014, a total of 28 advisers were on assignment across eight countries - often in in-line positions.
- *Pacific Islands Centre for Public Administration (PICPA)* trained 459 public servants in Public Financial Management and Public Policy.
- *Pacific Regional Audit Initiative (PRAI)* supported improvements in strengthening audit capacity across the region with 72 per cent of Supreme Audit Institutes (SAIs) in the region rating their capability at level 3 or higher in 2012, compared to 57 per cent in 2011. Professionally qualified staff in SAIs increased from an average of 23 per cent in 2011 to 40 per cent in 2012.
- Australia's support for the Ten Year Pacific Statistics Strategy (TYPSS) Action Plan has made significant progress in building the capacity of PICs to collect data. Future programming will focus on analysis and dissemination. SPC's statistics program makes a significant contribution to the collection and dissemination of sex-disaggregated data in key economic and a range of social sectors including national accounts, trade, health, education and labour participation.²⁹

Factors affecting progress and future directions

DFAT has undertaken a desk review of the regional governance portfolio and proposed significant consolidation around effective programs that meet the subsidiarity test and have proven successful in supporting effective governance across the Pacific. The revised portfolio will focus on creating an enabling environment for inclusive growth and service delivery through investments that Australia can't support on a country by country basis.

In 2013/14, DFAT also commenced dialogue with PICPA, PRAI and PFTAC to work collaboratively on public financial management (PFM) activities in the Pacific to ensure that support provided in this area is complementary and countries have access to a full spectrum of support (from training to technical support to implement the acquired knowledge). This will also remain a key focus in 2014/15. The Pacific Risk Resilience Program is developing a governance approach to disaster and climate risk in the region. This approach looks to support partner governments better plan and manage many of the disaster risks that undermine broader development gains.

Education and Health

Regional education program

Australia's long-term focus is to ensure that all young Pacific Islanders have the skills needed to lead a productive life and contribute to economic growth in their countries. The Pacific Regional education program in 2013-14 was guided by the Pacific Education and Skills Development Agenda (PESDA), which has the objective of ensuring access to quality basic education and opportunities for young people to develop skills and gain valued qualifications.

²⁷ A process which allows countries to diagnose their Public Financial Management (PFM) systems and improve ownership of subsequent PFM reform plans.

²⁸ With limited DFAT resources to support aid program delivery at smaller posts, PACTAM also helps to reduce the administrative workloads associated with engaging and managing external consultants.

²⁹ For example, National Minimum Development Indicators database SPC has ensured that data is sex-disaggregated where possible.

Key achievements

In 2013–14, the regional education program focused on benchmarking literacy achievement and supporting quality provision of tertiary education qualifications.

Australia-Pacific Technical College (APTC): Recent research³⁰ has confirmed impressive employment outcomes for APTC graduates with 95.9 per cent of all APTC graduates employed. With the Pacific having the highest rates of gender based violence and NCDs in the world, 94.9 per cent of graduates reported a better understanding of the importance of gender equality and 97.6 per cent reported a better understanding of the importance of physical health.

University of the South Pacific: USP continues to provide the best opportunity in the Pacific for quality, internationally-recognised higher education. In 2013, 2,499 students graduated (56 per cent female) and the 2013 Graduate Destination survey confirmed that 60 per cent of graduates had found employment within four months of graduating.

SPC Secretariat of the Pacific Board of Educational Assessment (SPBEA): The Pacific Benchmarking for Education Results pilot program is helping education ministries in Samoa, Solomon Islands and PNG improve the performance of their education systems.³¹ Early impacts include the establishment of a Literacy Policy Task Force in Solomon Islands and the integration of literacy pedagogy training in Samoa. For the first time, these three countries agreed to share data on the performance of their education systems, allowing for cross-regional learning on how to improve the quality of education. In addition, SPBEA is supporting recognition of qualifications and labour mobility through the Pacific Register of Qualifications and Standards.³²

Factors affecting progress

In 2014-15, Australia will strengthen its response to improving employment and labour mobility prospects for Pacific islanders through an independent evaluation of the APTC and a major new program, *Skilling Youth in the Pacific*, which will address the high numbers of unemployed young people, skills shortages and quality assurance of local training providers.

Regional Health Program

Australia began implementing a new regional health program in 2013-14 to address significant program fragmentation and has consolidated the original 12 regional initiatives with 30 funding agreements across 8 agencies in 2012 down to 6 regional initiatives with 6 funding agreements across 6 key partners in 2013-14. Australia's new approach has a strong focus on health services that necessitate a regional or multi-country approach, taking into account capacity constraints faced by national level health systems. The five-year (2013-2017) program outcome for Australia's Pacific Regional Health Program is that selected regional health functions are efficiently and effectively supporting PICs to develop and deliver cost-effective, quality and equitable health policies and services to their citizens. The regional health program is directly engaging with and supporting the operation of regional governance arrangements, and using its policy engagement and funding incentives to drive multilateral and regional organisations to deliver strengthened regional and country-level health improvements.

Key achievements

³⁰ National Centre for Vocational Education Research consultancy Report. *APTC Graduates Down the Track*. December 2013.

³¹ The program includes assessment of literacy and numeracy learning, assessment of policies in four domains considered critical to student learning (teacher quality, curriculum materials, school governance and management, assessment systems), and research on how policy is being implemented at the school level.

³² The PRQS currently includes data on 329 registered institutions and 64 accredited qualifications from Fiji, PNG, Samoa, Tonga and Vanuatu.

Strengthened regional architecture: Grant funding from Australia helped senior health officials to directly engage with the Pacific Plan Review team in April 2013;³³ and also supported changes to the regional governance architecture through inclusion of a Pacific Directors of Health forum in 2013 and 2014 to discuss key issues impacting on health outcomes in the region.

Quality healthcare and medical training: In 2012-14, Australia provided \$5 million in core support for the College of Medicine, Nursing and Health Sciences at the Fiji National University,³⁴ which produced 775 graduates in 2013, including 387 nursing graduates. Australia's support aided the development of new courses such as the Postgraduate Diploma in Paediatric Nursing and a Postgraduate Certificate in Diabetic Nursing, and helped establish three research centres³⁵ to address emerging health priorities in the region.

Addressing Non-communicable Diseases (NCDs): Throughout 2013-14 Australia was one of the key partners, along with the SPC, World Health Organisation (WHO), World Bank and New Zealand, supporting the development of the 'NCD Roadmap' at the request of the 2013 Forum Economic Ministers Meeting. The Roadmap synthesises global evidence on the most cost-effective NCD interventions across all sectors and presents these as a 'menu of options' for countries to choose from. The Roadmap was unanimously endorsed at the Joint Forum Economic Ministers and Pacific Health Ministers meeting in July 2014. Australian funding allowed the World Bank to expand its work in Pacific health, and the Bank has been uniquely placed to support economic and health ministers consider multi-sectoral responses to NCDs.

Promoting regional norms and standards: Australian support to the WHO Pacific sub-regional office assisted four countries (Cook Islands, Federated States of Micronesia, Fiji and Samoa) to reach a level of at least 90 per cent of suspected disease outbreaks adequately investigated and controlled.³⁶ Australia's support enabled the United Nations Children's Fund (UNICEF) to help PICs maintain polio-free status and enhanced progress towards measles elimination and hepatitis B control by 2015. While full immunisation coverage rates in PICs are mixed, gains made in immunisation coverage are evidenced by no major outbreaks of vaccine-preventable diseases in 2013-14. UNICEF continued to meet vaccination supply needs, with 14 participating PICs receiving vaccines in accordance with forecasted requirements.

Providing specialised services: In 2013, the Pacific Islands Project provided 42 specialist clinical service and mentoring visits to nine countries. Through these visits, 4,194 individuals accessed specialised clinical consultations and 1,128 individuals received life-changing surgical procedures. Twenty-six Pacific doctors were directly involved in 323 surgical procedures, and performed the lead surgeon role in half of the recorded procedures.

Factors affecting progress

In 2013-14, Australia's Pacific Regional Health Delivery Strategy demanded a new way of working with health partners in order to deliver better health outcomes in the region. This included developing new funding modalities and approaches for new programs to capitalise and leverage Australia's existing bilateral health initiatives. In 2014-15, Australia will commence designs for 3-4 new programs covering reproductive, maternal, newborn, adolescent and child

³³ See:

http://www.pacificplanreview.org/resources/uploads/attachments/documents/066_HeadsOfHealth_PacificPlanReviewSubmission_24May.pdf

³⁴ The former Fiji School of Medicine.

³⁵ Centre for Health Information, Policy and Systems Research; Centre for the Prevention of Obesity and Non-Communicable Diseases; and the Pacific Sexual and Reproductive Health Research Centre.

³⁶ WHO Pacific Biennium Plan 2012-2014; Activity Completion Report.

health; sexual reproductive health and rights; health workforce; and specialised clinical health services.

Regional Sport Program

Development through sport activities in the Pacific address issues such as health, social inclusion, social cohesion, gender equality and personal wellbeing. In 2013-14 an Independent Evaluation of the Australian Sports Outreach (Country Programs) found the program had had positive outcomes in terms of changed attitudes to healthy living. Under the second Pacific Sports Partnerships (PSP) Program commencing in 2013, arrangements were finalised with five new sports and activities commenced from February 2014.

Key results in 2013-14 included:

- 362,094 people involved in PSP activities as participants. This reflects an increase of 12 per cent on the previous year.
- 171,478 of those participants were women and girls, which reflects 47 per cent of all participants and an 11 per cent increase on the previous year.
- 3,652 people with disability were involved in PSP activities as participants in 2013-14. This reflects an increase of more than 300 per cent on participation figures in 2012/13.

Building resilience: humanitarian assistance, disaster risk reduction and social protection

Climate change and natural disasters are particularly important and sensitive issues in the Pacific. PICs are exposed to a wide variety of natural hazards (cyclones, droughts, earthquakes, floods, storm surges, tsunami and volcanoes). Climate change and natural disasters cut across sectors, threaten economic gains and exacerbate existing pressures on food, water, infrastructure, health and economies. Australia will continue to support climate change activities in the aid program: i) in line with partner government requests; ii) to protect Australian aid program activities that are vulnerable to climate risks, or iii) through other activities in support of our economic diplomacy agenda.

Understanding climate and weather events: *The Climate and Oceans Support Program in the Pacific (COSPPac)* supports the National Meteorological Services (NMSs) of 13 Pacific countries to provide meteorological services. Recent achievements include tools enabling NMSs to provide specific advice to climate sensitive industries in their countries and to improve planning in key sectors, such as health. In the Solomon Islands, COSPPac is assisting to develop a Malaria Early Warning System, using weather and disease incidence data.

Helping better manage risk: *Australia's Pacific Risk Resilience Program (PRRP)* is strengthening the resilience of the most disaster prone PICs to natural disasters and climate change risk. For example, communities in Tonga affected by Tropical Cyclone Ian are receiving PRRP support to restore crops and livelihoods in ways that build resilience to the next cyclone. PRRP is also supporting the integration of risk into national budgeting and planning processes in Solomon Islands and Vanuatu. In the Solomon Islands, 21 schools in Temotu and schools across Guadalcanal Province are developing and implementing disaster plans.

Food security and health in a changing climate: SPC is developing the 'Vulnerability of Pacific Agriculture to Climate Change' publication (due October 2014) which offers a comprehensive vulnerability assessment of the Pacific. SPC members now have access to over 100 climate resilient varieties of staple Pacific crops through the Pacific Centre for Crops and Trees (CePaCT). On-farm field trials of climate-ready crops were set-up in Cook Islands, FSM, Samoa and Tonga. Four germ-plasm centres were established in Solomon Islands, and pilot sites for

gene-pool enhancement were set up in Palau and Tuvalu. SPC is expanding the taro improvement program model from Samoa to support other members threatened by taro leaf blight (Cook Islands, Fiji and Tonga).

Pacific communities' understanding of the health implications of climate change has been increased through a range of supported activities including: climate related disease surveillance training in Nauru, RMI and Kiribati; trialling a rapid low cost dengue diagnostic technique in Solomon Islands; assessment of the impact of climate change on Chikungunya virus; and establishing a Pacific climate change and health taskforce to increase the focus of national health officials on climate change health impacts.

Partnering with the private sector to improve resilience: PRRP will begin partnering with the tourism industry, and corporate and philanthropic organisations in Fiji to support improved management of disaster and climate change risk at the community level. Financial inclusion (bank accounts and insurance products) provided to more than 500,000 Pacific islanders through the Pacific Financial Inclusion Program (PFIP) should make individuals and families more financially resilient to disasters. PFIP Phase 2 will attempt to provide an evidence base to this assertion.

Factors affecting progress and future directions

Progress towards a Pacific Strategy for Climate and Disaster Resilient Development (SRDP) by PICs and Territories to replace the two existing regional strategies for climate change adaptation and disaster risk reduction is in line with Australia's focus on building resilience to multiple risks. The draft SRDP will be tabled for endorsement at both the Secretariat of the Pacific Regional Environment Programme (SPREP) and SPC council meetings in 2014, for approval at the 2015 Forum Leaders' Meeting. The development of a joint strategy for the Pacific is a global first and will serve to focus attention on regional vulnerabilities and integrated responses by countries and donors.

Disability Inclusive Development

The complexity of the issues faced by people with disabilities, and their long history of marginalisation and exclusion, means change is a long-term prospect. But the Pacific Regional Strategy on Disability (PRSD) 2011-2015, whose implementation is supported by DFAT through PIFS, represents an important step in closing the gap between the experience of people with disabilities and the rest of the Pacific community, and ensuring that people with disabilities have every opportunity to fully participate in the social, cultural and economic life of the nation. An independent review of the PRSD was undertaken in 2014 and found *'The PRSD has added value and contributed to progress in relation to disability rights and inclusion. Most significant progress has been in the areas of political leadership; enhancing the central role of people with disabilities; strengthening partnerships, coordination and collaboration; and in the recognition of human rights of persons with disabilities'*.

The rights of persons with a disability are beginning to be recognised and gradually included in national development processes, driven by the advocacy work of Disabled Persons' Organisations (DPOs) in the Pacific and the regional efforts of organisations like PIFS and the Pacific Disability Forum (PDF). At the regional level, Ministerial meetings advocate for and strengthen political leadership and commitment to disability-inclusive development issues. Thematic areas, such as health and education, are slowly showing some results.

Australian support for disability-inclusive development in the Pacific is through both targeted and mainstreaming approaches. Results include:

- Support to DPOs (\$1.2 million in 2013-14) gave a voice to people with disability to influence national decision-making processes through Australia's partnership with the PDF. PDF supported 17 DPOs across 13 PICs to raise awareness about disability rights in the Pacific and promote disability-inclusive development.
- PIFS advocates for disability issues at a regional level and oversees implementation of the PRSD. Australia supported PIFS to implement activities across all six thematic areas of the PRSD.³⁷ PIFS' Disability Coordination Unit made significant progress towards disability-inclusive development in the Pacific and the implementation of the PRSD, including: Cook Islands, Kiribati, Nauru, Palau, PNG, Tuvalu and Vanuatu ratifying the Convention on the Rights of Persons with Disabilities (CRPD) and FSM, Fiji, Solomon Islands and Tonga signing the CRPD.

Through Australia's support to the Regional Rights Resource Team (RRRT), countries have access to technical support and training on obligations under the CRPD, ensuring that national legislation and policies include the rights of persons with a disability. For example, in FSM, awareness-raising on the rights of persons with a disability has resulted in the call by non-state actors and DPOs to review FSM's national disability policy and actively lobby the government to ratify CRPD. RRRT also supported Tuvalu to accede to CRPD in December 2013.

Factors affecting progress and future directions

The review of the PRSDs found *'least progress has been made in the utilisation of resources particularly by governments to support implementation of disability specific and disability inclusive policies and programs. All stakeholder groups identified this as the greatest gap and a priority to focus on in the next stage of implementation of the strategy'*. More work needs to be done in the area of legislative change and service provision and more partnerships with DPOs and other agencies must be formed.

Gender equality and empowering women and girls

Australia recognises one of the best ways to achieve economic growth and prosperity in the Pacific region is to empower women. Examples of how the Pacific Regional program portfolios are addressing gender equality and empowering women and girls are included throughout this APPR. A major program, working in 14 PICs, is the ten-year \$320 million Pacific Women Shaping Pacific Development (Pacific Women) program, which has three focus areas: expanding women's economic opportunities; improving women's representation and effective leadership; and reducing violence against women. *Pacific Women* is programmed through country plans and progress against these country plans is reported in individual country APPRs. A small number of regional and multi-country activities are also implemented to address common issues and to complement country activities to achieve greater impact in addressing gender inequality. Achievements of these regional activities in 2013-14 include:

- dialogue, exchanges, mentoring and training facilitated between Australian and Pacific Islands women MPs and parliamentary staff to improve gender equality issues being addressed by parliament through the Pacific Women's Parliamentary Partnerships Program; and
- three policy briefs produced by State, Society and Governance in Melanesia on the success factors and pathways to women's leadership and decision making in the Pacific to inform future aid programming.

³⁷ Strengthen political leadership and an enabling environment; recognition and protection of the human rights of persons with disabilities; strengthen partnerships: coordination and collaboration; disability inclusive development; enhancing the central role of persons with disabilities, and mobilisation of resources.

Pacific Women supports PICs to meet the commitments made in the 2012 Pacific Islands Forum Leaders' Gender Equality Declaration. Overall, the pace of progress reported³⁸ on these actions has been slow, although there were a few positive developments over the year, particularly to address violence against women. Kiribati established a new Ministry for Women, while Tonga, RMI, Nauru, Niue and Tuvalu completed national gender policies. Key challenges in progressing the Declaration at the national level are the lack of awareness and ownership of the Declaration, lack of political will across governments towards implementing gender equality commitments and weak monitoring mechanisms.

The DFAT-supported Fiji Women's Crisis Centre provided counselling services to 1,905 new clients and 2,776 repeat clients in 2013 (1,828 new clients and 2,632 repeat clients in 2012). Training was provided to 2,031 men, 4,652 women and 2,245 children through 188 training sessions in 2013 (2,193 men and 3,834 women through 98 training sessions in 2012). The FWCC assisted 132 women with accommodation needs.

Factors affecting progress and future directions

The Pacific Regional program is making some progress in being able to report on how women, men, girls and boys are benefitting from the investments in its portfolio. However, considerable effort is still required before such reporting becomes a well-established norm.

The UN Women Markets for Change and Safe Cities programs will improve market infrastructure, provide women market vendors with access to financial services and training, strengthen market vendor associations and work with local governments to improve market laws and policies.

Mutual Obligations

Mutual obligations have been established formally with the three major PROs (PIFS, SPC and USP) in Partnership Agreements negotiated and signed jointly in early 2014. These Agreements reflect a new way of doing business that is founded on mutual obligations. They set out how Australia will work with these organisations to address major regional development challenges in line with their specific mandates.

In each Agreement, Australia has committed to increasing the predictability and flexibility of its financing (by moving away from project-specific commitments to increased core and programmatic funding and by introducing multi-year indicative budgets). In return, the PROs have committed to intensify efforts to strengthen their strategic and corporate planning to improve their effectiveness, efficiency, and ability to report on outcomes they are achieving. Each Partnership Agreement includes a detailed Performance Assessment Framework specifying the results expected, and over what timeframe.

Program Quality and Management

The Regional program's active planning for effective performance management of investments has reduced the number of 'Investments Requiring Improvement' from 9 in 2011 to 2 in 2014, and improved the use of the Program Fund Plan in AidWorks to underpin program planning and improved AidWorks data quality. In 2013-14, the program had a smooth expenditure profile, reflecting sensible payment structures and enhanced manageability of the program.

The Regional program has made only modest progress towards consolidation into fewer, larger investments and agreements. The 2012-13 APPR recognised the need for further progress in

³⁸ All Forum member countries, except FSM, Niue, PNG and Tuvalu, reported against their progress on the Pacific Leaders Gender Equality Declaration in 2014.

this area. Consolidation is a particular challenge for the program given the nature of its engagement with a broad range of stakeholders.

The program has made significant progress in country-level reporting of both expenditure and performance outcomes. In 2013, it undertook a project to categorise all regional initiatives for better reporting and implement a range of structural changes to ensure greater regional and bilateral coherence. This has resulted in the inclusion of country level annexes in this APPR.

Analysis of Quality at Implementation Reports

Ninety-eight per cent of QAIs were completed by the due date, compared with 83 per cent in 2012. All QAIs were moderated. This increased compliance and comprehensive moderation indicates an increasingly embedded QAI process for the program. Ratings for the 2013 QAI round show that 87 per cent of investments were rated as effective overall, consistent with whole-of-aid-program performance. Seventy-seven per cent of all ratings across all criteria were satisfactory (4, 5 or 6) – a slightly larger diversity in satisfactory and unsatisfactory ratings than the Pacific Division or the Department as a whole.

Ratings against all criteria improved from 2012 ratings, except for monitoring and evaluation (M&E) which saw a 10 per cent decrease in satisfactory ratings, attributed to the improved skills of program managers to assess M&E systems effectively against DFAT standards. The most significant increases were in sustainability (from 80 to 85 per cent) and gender equality (from 59 to 64 per cent).

The program had two investments (INJ927 Pacific Adaptation to Climate Change Project (PACC); INJ261 Scholarships French Collectives) on the 'initiatives requiring improvement' (IRI) list in 2013. A remediation plan for PACC was approved in November 2013, and the investment showed improvement in the 2013 QAI round.

The new performance framework for the aid program includes two high-level targets that will be monitored through QAI ratings: 1. to 'deliver high standards of value for money in at least 85 per cent of aid investments'; and 2. that 'more than 80 per cent of investments, regardless of their objectives, will effectively address gender issues in their implementation'. The Pacific Regional program's current performance against both these targets is that: 1. In 2013, 85 per cent of investments were rated as effective, and 81 per cent were efficient. 2. In 2013, 64 per cent of investments effectively addressed gender issues.

Performance of key delivery partners

The Pacific Regional program's partner profile has remained very consistent, being highly concentrated across two partner categories: multilateral organisations and regional organisations. This reflects the program's core business of engaging with influential institutions and organisations in the region, and brokering relationships between other Australian government agencies and the region. This dispersion mitigates risks associated with performance and/or relationship vulnerabilities typically associated with a highly-concentrated partner profile.

Australia will continue to use its support to ensure multilateral agencies are increasing donor harmonisation opportunities. For example, using a new multi-donor trust account modality for PFIP has resulted in better donor harmonisation with New Zealand. UN 'delivering as one' is unfinished business in the Pacific. Australia will lobby extensively to get better results from the UN, reducing fragmentation across its development agencies.

Risks

Table 3 Management of key risks to achieving objectives

Key risks	What actions were taken to manage the risks over the past year?	What further actions will be taken to manage the risks in the coming year?
PROs and multilateral organisations do not implement reforms and improve effectiveness	Performance benchmarks have been built into multi-year funding agreements.	DFAT will continue to work with PROs and multilaterals to support their reform agendas and improve their accountability and effectiveness.
Regional and bilateral programs exhibit poor coordination and cooperation	Regional program provided results information to bilateral managers and established some cost sharing arrangements.	Regional program will continue to work with bilateral programs to ensure coordination and cooperation. Annexes on bilateral programs will continue to be included in the APPR.
Over-programming and continued proliferation of initiatives	The 2013 budget critical review team presented Pacific Division Executive with a plan for restructuring and consolidating the budget. Senior managers to closely scrutinise initiative approvals. Delivery strategies to drive purposeful program consolidation.	Further work on initiative consolidation will be done, in line with delivery strategies and the new Aid Investment Plan.
Pacific Regional Branch is not adequately resourced to managed its existing programming	The Regional branch has focussed on ensuring that sections/Posts with particularly high workloads and/or staff losses are receiving assistance from other sections to manage their programs.	Further placement rounds will be required to attract staff from other branches and divisions to enable the branch to attain its FTE quota.

Management Responses

In 2014/15, the Regional program will focus on **implementing the government's aid policy**, particularly in relation to the ten strategic targets set for the aid program. Being DFAT's third largest aid program, the Pacific Regional program will be expected to make a significant and proportional contribution to achieving the targets set for the Department. This will require concerted effort in the areas of consolidation and performance management, and an increased focus on gender issues and aid-for-trade investments.

Related to the above, there is a critical need for the Aid Investment Plan currently under development to establish a set of **clear and specific strategic objectives** for the program, through which the program can shore-up alignment with the new aid policy framework, and against which program effectiveness can be robustly assessed.

While much progress has been made, Australia will continue to enhance the way regional programs **intersect with bilateral programs** bringing to the fore the principles of aid effectiveness, including alignment to country-level priorities. Structural changes will be implemented in 2014-15 to improve regional/bilateral coherence at the country level.

Management will maintain a strong focus on the integration of crosscutting issues, such as **gender equality, disability inclusive development and disaster resilience**, into design, implementation and reviews across the full Regional program portfolio.

The **2014 Health Check** confirmed that the demands of the overall program are significant. It is Australia's third largest ODA program, overlaid by large and complex relationship-management requirements. As well as the typical engagement with relevant government ministries and implementing partners, from Suva alone the program is responsible for engagement with over 60 external stakeholders or fora. Approximately \$100m of its ODA allocation flows through to the 14 bilateral programs in the region, requiring extensive administrative and relationship management effort. Added to this complexity is the split of responsibilities between Canberra

and Suva. The upcoming shift of full management responsibility and senior engagement to Canberra will require careful management and effort.

Annex A

Progress in addressing 2012-13 management responses

Management consequences identified in 2012-13 APPR	Rating	Progress made in 2013-14
> Develop a program strategy that reflects a whole-of-government view of regionalism and the outcomes of the Pacific Plan review.	Partly achieved	The Pacific Regional Branch is currently in the process of developing an Aid Investment Plan, which is a new requirement for the Department
> Develop a performance assessment framework that allows AusAID to better measure the results of the Regional program as a whole. This will be supported by investments in staff around monitoring and evaluation capabilities.	Partly achieved	A performance assessment framework is required as part of the new AIP. Work has commenced on preparing this for the Pacific Regional program AIP.
> Develop sectoral delivery strategies that align with the program strategy and inform a genuine consolidation effort across the program.	Achieved	Sectoral delivery strategies are now in place for health, education, disability, regional organisations, disaster risk reduction and the Pacific Women Shaping Pacific Development program.
> Lift AusAID's policy engagement with, and progress reforms within, PROs.	Achieved	In 2014, Australia signed new multi-year partnership agreements with PIFS, SPC and USP, which include a greater focus on policy dialogue and have clear, measureable targets to define success. They specify practical ways in which Australia will deepen the relationship with each organisation and how and under what conditions Australia will shift to more predictable and flexible financing. A key condition will be organisational reform in support of efficient and effective delivery and reporting of outcomes.
> Better analyse the performance of multilateral organisations in the region to inform more nuanced policy engagement.	Partly achieved	In 2013/14, DFAT conducted analytical work on effectiveness of the World Bank, ADB and United Nations operations in the Pacific.
> Enhance the way regional programs intersect with bilateral programs bringing to the fore the principles of aid effectiveness, including alignment to country-level priorities.	Partly achieved	In response to strong demand from PICs and DFAT bilateral posts for better reporting on the expenditure and outputs delivered by regional and multi-country initiatives at the country level, the Regional Program has taken a stronger focus on country-level reporting. Over the last 6 months, Regional Program has worked with bilateral programs to develop guidance for a new reporting system that includes better country-disaggregated reporting.
> Improve the integration of crosscutting issues, such a gender equality and disability inclusive development , into design, implementation and reviews across the full Regional program portfolio.	Partly achieved	The Pacific Regional program is making some progress in being able to report on how women, men, girls and boys are benefitting from the investments in its portfolio. However, considerable effort is still required before such reporting becomes a well-established norm.

Note:

- Achieved. Significant progress has been made in addressing the issue
- Partly achieved. Some progress has been made in addressing the issue, but the issue has not been resolved
- Not achieved. Progress in addressing the issue has been significantly below expectations

Annex B

Quality at Implementation ratings

Initiative name	Initiative start date	Initiative end date	Budget	Relevance	Effectiveness	Efficiency	Monitoring and Evaluation	Sustainability	Gender Equality	
INJ862	Australia-Pacific Technical College Stage 2	01/05/2011	31/07/2015	\$152,207,494.96	6	5	5	5	4	5
INC471	State Society and Governance Melanesia	22/08/1995	30/06/2017	\$32,160,197.05	4	4	4	3	4	5
INH524	PACER Plus Support	01/07/2007	30/06/2016	\$13,284,260.19	5	5	6	4	4	3
INI174	Labour Mobility Seasonal Worker Pilot Scheme	01/07/2008	30/06/2017	\$14,022,294.15	5	4	3	3	5	4
INI864	Pacific Public Sector Linkages Program	01/07/2009	30/06/2016	\$27,012,015.56	5	4	4	3	4	3
INI898	Australian Support for UNDP PFIP	01/07/2009	31/12/2017	\$19,465,000.00	5	5	4	4	5	4
INI976	World Bank Pacific Facility	01/07/2009	31/12/2014	\$25,600,007.22	5	5	5	4	4	4
INJ201	Fisheries Development Assistance in the Pacific	01/06/2010	31/08/2016	\$25,170,000.00	6	5	4	4	5	4
INJ209	Program to Strengthen Pacific Statistics	03/02/2010	31/12/2016	\$11,445,564.58	6	4	4	3	4	4
INJ210	Pacific Institute for Public Policy core funding	15/03/2010	30/06/2013	\$3,016,780.00	4	4	4	3	4	4
INJ261	Scholarships French Collectivities ADS	01/01/2010	30/06/2017	\$4,569,147.93	4	3	4	3	4	4
INJ488	Climate and Oceans Support Program in the Pacific	11/10/2010	30/06/2016	\$32,121,202.97	5	5	5	5	5	3

INJ589	Pacific Fisheries and Food Security - SPC	10/10/2010	30/11/2015	\$9,578,106.00	6	5	4	4	5	4
INK303	PACCSAPP	12/12/2011	31/12/2014	\$32,168,000.00	5	4	3	2	4	4
INK496	Pacific Women Shaping Pacific Development	02/04/2012	30/06/2022	\$171,758,584.71	6	4	5	4	4	6
INK522	ADB's Enhancing Engagement with Pacific - Phase 2	05/03/2012	30/06/2014	\$3,286,000.00	5	4	4	4	4	3
INK693	Pacific Infrastructure Program	18/07/2012	15/06/2017	\$10,056,296.49	6	4	3	3	3	3
INK730	Regional Public Financial Management - Pacific	01/07/2012	30/06/2016	\$3,864,840.00	4	3	3	3	3	2
INK806	International Finance Corporation Pacific E.Timor	01/10/2012	30/09/2016	\$16,000,000.00	5	5	5	5	5	4
INK982	Private Sector Development Initiative Phase 3	01/07/2013	30/06/2019	\$12,250,000.00	6	5	5	5	5	4
INL132	Pacific Institute for Public Policy Research	01/07/2013	30/06/2016	\$3,417,500.00	4	4	4	3	4	4
INC676	Pacific Financial Technical Assistance Centre	25/10/1995	30/06/2014	\$15,501,760.46	5	5	5	3	4	3
INF408	Fiji School of Medicine	30/05/2002	30/06/2013	\$3,000,000.00	4	4	4	4	4	4
ING482	UNDP Pacific Sub Regional Centre	01/01/2006	30/06/2014	\$23,580,334.19	5	4	4	4	4	5
ING982	Regional Rights Resource Team (RRRT)	01/07/2006	31/12/2016	\$11,301,097.00	6	5	5	4	4	6
INH528	Pacific Leadership Program	01/07/2007	30/12/2016	\$45,499,733.49	5	5	5	4	5	4
INH796	Pacific HIV & STI Response Fund	01/10/2008	31/01/2015	\$21,791,087.69	2	3	3	2	3	2
INI329	Pacific Regional Audit Initiative	01/10/2008	30/06/2014	\$4,250,000.00	5	4	4	3	3	3

INI421	Pacific Biomedical Equipment Maintenance	01/01/2009	30/06/2014	\$4,195,706.62	4	4	4	2	3	3
INI598	Fiji Women's Crisis Centre Phase 5	30/05/2009	30/06/2016	\$8,427,499.68	6	5	5	5	4	6
INI851	Pacific Regional Agricultural Market Access	01/07/2009	30/06/2017	\$31,513,047.90	5	5	5	3	4	3
INI962	SPC Climate Change	19/10/2009	31/01/2015	\$9,000,000.00	6	4	5	4	4	3
INJ054	University of the South Pacific Partnership	01/01/2010	31/03/2019	\$80,796,329.77	6	5	5	5	6	5
INJ746	SPC Core Budget and Program Support	28/04/2011	31/01/2015	\$52,305,017.05	5	4	4	3	4	3
INJ760	UNICEF Multi-Country Program 2013-2015	24/01/2011	30/12/2015	\$11,745,000.00	5	4	4	4	4	4
INJ804	SPREP Partnership Agreement 2011-2015	01/03/2011	31/05/2016	\$16,297,000.00	5	4	4	4	4	3
INJ833	Tertiary Health Pacific Islands Project	31/03/2011	30/06/2015	\$8,083,200.00	5	4	5	5	4	3
INJ927	Pacific Adaptation to Climate Change Project	03/06/2011	30/08/2014	\$7,348,242.00	4	4	4	3	4	3
INJ964	Pacific Risk Resilience Program	23/05/2011	30/06/2017	\$17,023,462.24	5	3	3	3	4	4
INK039	Pacific Media Assistance Scheme (PACMAS) 2	01/06/2011	30/06/2015	\$11,686,090.32	5	4	4	4	4	4
INK054	Pacific Sexual and Reproductive Health Program	19/08/2011	30/06/2014	\$2,846,140.00	5	4	3	4	4	4
INK486	Strategic Support: WHO Pacific Sub-Regional Office	01/04/2012	31/12/2013	\$5,000,000.00	3	3	3	3	3	4
INK525	Strategic Support: Fiji School of Medicine	01/05/2012	31/12/2015	\$6,534,846.22	4	4	4	3	4	4

INK578	Pacific Benchmarking Education Quality for Results	01/06/2012	30/06/2016	\$4,721,538.59	5	5	4	5	4	4
INK590	Pacific Specialised Clinical Services	23/05/2011	31/12/2014	\$3,092,000.00	4	4	3	3	4	4
INK940	PIFS Partnership Arrangement 2012-2015	06/03/2013	31/03/2016	\$6,915,000.00	5	3	3	2	4	4

Annex C

Evaluation and Review Pipeline Planning

List of evaluations completed in the reporting period

Name of Investment	Aidworks number	Name of evaluation	Date finalised	Date Evaluation report uploaded into Aidworks	Date Management response uploaded into Aidworks	Published on website
Fisheries Development Assistance in the Pacific	INJ201	Independent completion review	June 2014	N/A	N/A	N/A
Fisheries for Food Security	INJ589	Mid-term review	December 2014	27 March 2014	27 March 2014	16 April 2014
ICCAI/PACCSAPP	INK303	Independent review/needs assessment	August 2013	December 2013	N/A	April 2014
Support to PIFS for PRSD		Partner-led review	February 2014	N/A	N/A	N/A

List of evaluations planned in the next 12 months

Name of Investment	Aidworks number	Type of evaluation	Purpose of evaluation	Expected completion date
Climate and Oceans Support Program in the Pacific	INJ488	Mid-term review	Evaluate progress, evaluate appropriateness of design and begin planning next concept.	December 2014
Pacific Financial Technical Assistance Centre	INC676	Partner-led review	Assess program relevance and future requirement. Funded by IMF.	September 2015
SPREP Partnership Agreement 2011-2015	INJ804	Partner-led evaluation	Assess the effectiveness of assistance to SPREP	December 2014

Secretariat for the Pacific Community (SPC)/Regional Rights Resource Team (RRRT)	ING982	Independent Progress review	Assess the performance of RRRT against its stated objectives with specific focus on its relevance, effectiveness and sustainability	December 2014/January 2015
Pacific Disability Forum (PDF)	INI486	Independent Progress review	Assess the performance of PDF against its stated objectives in terms of effectiveness (impact), efficiency and sustainability	May 2015
Pacific Legal Information Institute (PacLII)	INJ911	Independent Progress review	Focus on sustainability (consider financial sustainability and hosting options), and the effectiveness of the work that PACLII does in promoting jurisprudence in the Pacific	May 2015
Fiji Women's Crisis Centre (FWCC)	INI598	Independent Progress review	Regional function of the FWCC	December 2014

Annex D

Performance Benchmarks 2014 -15

Aid objective	2014-15 benchmark	Rationale for selecting this performance benchmark
<i>Supporting the management of shared natural resources</i>		
Increase government revenue from tuna fisheries	Direct government revenues flowing to FFA members from offshore tuna fisheries demonstrate average annual increases of 5 percent or more. (2013-14 baseline: US\$240,000,000).	The long term sustainability and profitability of global fisheries is undermined by overfishing and overcapacity. In Pacific tuna fisheries, Australia's support has been critical in both promoting and sustaining regional cooperation to help address these issues. Our support has underpinned stock assessments, improved economic returns and made significant advances in addressing the threat posed by Illegal Unregulated and Unreported (IUU) fishing. More than US\$250 million in direct annual government revenues and an equivalent amount in GDP growth is derived from offshore fisheries in the Pacific region annually. Our ongoing support will enhance the potential for new market mechanisms to further improve these economic returns to Forum Fisheries Agency (FFA) members.
<i>Supporting the provision of specialised services</i>		
Increase the number of APTC graduates	APTC will have produced 7,200 graduates by June 2015, after 8 years of operation.	A major barrier to economic growth in the region is the lack of employees with the skills to meet the needs of employers. Australia's regional investment in education supports the quality assurance of educational standards in the Pacific and the provision of international standard qualifications. Investing in education and skills development serves Australia's national interest as it promotes the on-going commitment to strengthening economic growth in the Pacific and promotes private sector development. The Australia-Pacific Technical College (APTC) is a development program delivering internationally-recognised Australian qualifications in targeted industry sectors in the Pacific region. The APTC delivers qualifications primarily at the a range of Australian Certificate III, IV and Diploma levels training according to industry demand, including in the automotive, manufacturing, construction and electrical, tourism, hospitality, health and community sectors, designed to meet labour market needs. A major evaluation in 2014 will inform the future phase of support.

Strengthening the performance of the regional architecture

Support the Pacific Islands Forum Secretariat (PIFS), as the premier political regional organisation, to help Forum countries realise their aspirations for effective regionalism.

Both Australia and PIFS will work together to improve collective understanding of the complex political economy and other factors that influence success of regional support, and how best to bring national and regional attention to address complex development challenges

Australia has a key role in positioning and enabling regional organisations to perform and contribute optimally to regional development and regionalism. Australia plays a dual role in many regional organisations. We are a member, with significant foreign relations, security and economic interests in the region. We are also the largest development financier for many regional organisations, including the five major ones. As a donor, we have a responsibility to ensure the use of our funding is consistent with the Australian Government's policy interests and our assessment of the factors that contribute best to aid effectiveness.

Example 4: Program Management/Operations

Improved management efficiency through reduction of total number of investments.

Reduce the number of investments from 75 to 55 by June 2015.

Reorient program to focus on Australian Government's new development priorities.

Increase percentage of program budget invested in private sector development, aid-for-trade and infrastructure to 20 percent.
