

The Management Response is prepared by AusAID following finalisation of the Evaluation Report.

This is where AusAID documents whether it does/does not agree with the findings and recommendations of the Independent Evaluation, and what actions will be taken in response to the findings.

The Management Response must be approved by the ADG or Minister-Counsellor before actions are implemented. It should be published on the AusAID internet alongside the Evaluation Report and uploaded onto AidWorks.

## Evaluation of Pacific Private Sector Development Initiative Phase 2 MANAGEMENT RESPONSE

### Initiative Summary

<b>Initiative Name</b>	<b>Pacific Private Sector Development Initiative Phase 2</b>		
AidWorks initiative number	INJ147		
Commencement date	11 January 2010	Completion date	31 December 2013
Total Australian \$	AUD\$11,000,000 from Pacific Regional Canberra Fund		
Total other \$	USD\$3,000,000 from ADB Technical Assistance Special Fund		
Delivery organisation(s)	ADB		
Implementing partner(s)	ADB		
Country/Region	Pacific Region – Cook Islands, FSM, Fiji, Kiribati, Nauru, Palau, PNG, Republic of Marshall Islands, Samoa, Solomon Islands, Timor-Leste, Tonga, Tuvalu, Vanuatu		
Primary sector	Sustainable Economic Development		
Initiative objective/s	The PSDI Phase 2 aims to provide private sector led and sustainable economic growth in the Pacific region. AusAID's contribution supports state-owned enterprise reform, public-private partnerships, reform of the legal and business regulatory environment, financial sector reform to promote access to financial services, and mainstreaming of private sector development.		

### Evaluation Summary

**Evaluation Objective:** To assess the performance and effectiveness of the PSDI Regional Technical Assistance (RETA) in its key focus areas and to develop recommendations, where appropriate, that would improve the administration, performance and effectiveness of the PSDI Phase 3.

**Evaluation Completion Date:** Mid-December 2012

**Evaluation Team:** Peter Dirou, (Team Leader), Vili Caniogo (AusAID Program Manager)

### AusAID's response to the evaluation report

In general the Independent Evaluation was adequately undertaken covering the most integral components of the PSDI. The overall high ratings and recognition of the importance and success of this program are well received by AusAID.

As a result of the evaluation and AusAID's continued commitment to support private sector development, Phase 3 of PSDI has been approved for funding and will commence on 1 July 2013. Many of the recommendations of the independent evaluation have been incorporated into the design of the PSDI Phase 3.

## AusAID's response to the specific recommendations made in the report

Recommendation	Response	Actions	Responsibility
1. Clarify strategic objectives for supporting PSDI.	Agree	AusAID has agreed with the ADB that the three areas of focus under PSDI should remain unchanged (business law reform; state owned enterprise reform; and public-private partnerships) with the addition of the new areas of competition policy and economic empowerment of women.	AusAID
2. Endorse PSDI's focus on institutions.	Agree	Focus maintained in the design of Phase 3.	AusAID
3. Selectively use PSDI as part of AusAID's PSD strategy.	Agree	PSDI is consistent with the broad AusAID PSD Strategy, and is consistent with early thinking on a draft Pacific PSD Strategy.	AusAID
4. Rationalise the use of PSDI and IFC for similar initiatives.	Partially Agree  As noted by the Evaluation report, the use of the IFC for, at times, similar interventions is indeed in different countries, thus not duplicating efforts. This is the case where it is more practicable from a comparative advantage perspective to engage the IFC.	Continue to monitor IFC and PSDI activities to ensure there is no duplication.	AusAID
5. Take steps to increase awareness of PSDI within AusAID.	Agree	For Phase 3, greater steps will be taken to engage with the bilateral programs. ADB has agreed to implement the AusAID branding guidelines for multi-lateral partners and ensure adequate recognition for AusAID's contribution. This will further address the concerns of the PSDI being too closely associated with mainstream ADB activities.	AusAID & ADB
6. Endorse PSDI as a distinctive technical assistance modality within ADB.	Partially Agree	The use of AusAID branding in Phase 3 will go help distinguish PSDI from other ADB activities.	ADB
7. Structure PSDI as an organisational unit within PLCO.	Disagree	After careful consideration by the ADB Regional Director and AusAID Program Manager, it has been agreed that the current structure is suitable given the strong awareness of ADB management.	ADB

8. Make the organisational changes that are needed to underpin continuity of core consultants and the longer-term replenishment of this consulting base.	Partially Agree	<p>The concerns raised in the Independent Evaluation regarding the core consulting base have been reviewed by the ADB Regional Director in close consultation with the AusAID Program Manager. ADB and AusAID have taken steps to get early approval for Phase 3 to provide certainty for contractors and enable ADB to renew contracts early enough to provide certainty and continuity to core consultants.</p>	ADB
9. Continue the development of the in-house M&E framework rather than adopting the DCED standard.	Agree	<p>The M&amp;E tool has been strengthened and AusAID will continue to encourage full utilisation of the tool for evaluation and management purposes.</p>	PSDI Team
10. Give consideration to how PSDI's focus on institutions and its analytical approach can be periodically validated and how the supporting material on Pacific PSD that predates PSDI can be incorporated into the M&E database.	Agree	<p>No action</p>	PSDI Team
11. Develop additional briefing materials that present the PSDI 'vision' in terms of the phased approach to institutional constraints in PSDI constituent countries.	Agree	<p>A communications specialist has already been engaged by PSDI to prepare materials on the PSDI approach.</p>	PSDI Team
12. Review the adequacy of the core consultant staffing to mitigate key-person risk and to ensure that core consultants can continue to have a hands-on involvement in initiatives.	Agree	<p>The concerns raised in the Independent Evaluation regarding the core consulting base have been reviewed by the ADB Regional Director in close consultation with the AusAID Program Manager. ADB and AusAID have taken steps to get early approval for Phase 3 to provide certainty for contractors and enable ADB to renew contracts early enough to provide certainty and continuity to core consultants.</p>	PSDI Team