



Australian Government
AusAID



Fiji Community Resilience and Economic Opportunities (CREO) Delivery Strategy 2012–2016

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Acronyms

ACIAR	Australian Centre for International Agricultural Research
ADB	Asian Development Bank
APPR	Annual Program Performance Review
AusAID	Australian Agency for International Development
CAPF	Comprehensive Aid Policy Framework
CSOs	Civil Society Organisations e.g. Partners in Community Development Fiji
DRM	AusAID Disaster Risk Management program
DSW	Department of Social Welfare
DRR	Disaster Risk Reduction
DS	AusAID Delivery Strategy
EU	European Union
FCDP	AusAID Fiji Community Development Program
FIBOS	Fiji Islands Bureau of Statistics
FREDI	AusAID Fiji Rural Economic Development Initiative
ICCAI	AusAID International Climate Change Adaptation Initiative
IFC	International Finance Corporation
M&E	Monitoring and Evaluation
MDF	AusAID Market Development Facility
MDGs	Millennium Development Goals
MFI	Micro-finance Institution
PAF	Performance Assessment Framework
PFIP	Pacific Financial Inclusion Program
PMI	Pacific Microfinance Initiative
PHAMA	AusAID Pacific Horticultural and Agricultural Market Access program
UNCDF	United Nations Capital Development fund
USP	University of the South Pacific
QAE	Quality at Entry process of AusAID
QAI	Quality at Implementation process of AusAID
WB	World Bank

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Executive Summary

The Fiji Community Resilience and Economic Opportunities Delivery Strategy (CREO) provides a framework for consolidation (years 2012-14) and scale-up (years 2014-16) under Objective 3 of the Fiji bilateral program “Building resilience and economic opportunities in disadvantaged communities.”¹ It will deliver better incomes and new job opportunities for the poor, increased uptake of financial services by the poor, reduced vulnerability of local communities to natural disasters, improved targeting of community-based social transfers, and the inclusion of vulnerable groups in grassroots development.

Emerging evidence points to the impact of a long-term economic downturn in Fiji following the 2006 coup. Stagnation in rural Fiji, with the entire Northern Division and inland pockets of Viti Levu mired in poverty, reaching above 60 per cent in eight districts (*tikinas*)². Expanding urban squatter settlements where insecurity and inflation are forcing hard choices between feeding the family, keeping the electricity on, and paying for transport to jobs and services³. Constrained national social sector budgets have restricted the quality and outreach of services to the poor, while low levels of investment have also limited new employment and livelihood opportunities. Absolute poverty stands at 35 per cent of the population, approximately 293 000 people, but when the ‘near-poor’⁴ are included, 48 per cent of the population (approximately 402 000 people) finds itself at high risk of falling into deep poverty⁵.

While poverty is becoming entrenched, the availability of abundant natural resources, high levels of education, community cohesion within major ethnic groups and relatively well-developed infrastructure and commerce mean it is reasonable to expect that development gains can be made through strategic aid interventions.

Based on the Theory of Change provided in this strategy, we expect to see change as a result of our investments, measurable by the following headline results⁶, which will contribute to Comprehensive Aid Policy Framework (CAPF) reporting:

- > 100 000 poor people (at least 40 per cent women) will have increased access to financial services such as savings, loans, remittance and micro-insurance
- > 3000 poor people (at least 40 per cent women) will increase their net incomes through livelihood and market development programs
- > 100 communities will have improved means of coping with effects of natural disasters and climate change

¹ AusAID Fiji Country Strategy 2012-14

² See World Bank, *Poverty trends, profiles and small area estimation (poverty maps) in Republic of Fiji (2003-2009)*, July 2011.

³ See UNICEF Pacific, *Situation Monitoring: Food Price Increases in the Pacific Islands*, March 2011.

⁴ Those who would be counted as ‘poor’ if the poverty line was raised by 20 per cent

⁵ World Bank, *ibid*

⁶ See Performance Assessment Framework annex for full list of indicators.

The Delivery Strategy is a concrete means by which the Fiji bilateral program can restructure its portfolio of investments in rural development, social protection, market development, financial inclusion, disaster management, climate change adaptation and community development. This will significantly reduce the proliferation of activities in the sector, with a reduction in bilaterally-managed initiatives from 7 to 3 and managed agreements from 78 to 8. The strategy will also provide the strategic framework for the integration of regional and multi-country programs in Fiji. Management arrangements will be brought into line with the new strategy with a new team-driven approach focussed on monitoring and collection of results.

CREO also provides a strategic lens which will strengthen and measure the range of AusAID's bilateral, regional and global investments that contribute to Objective 3. In 2011/12, over half of AusAID's overseas development assistance to Fiji was derived from regional and global programs. This Delivery Strategy provides a mechanism for focussing these resources and measuring their impact against the CREO objective. Given separate program management arrangements and priorities for regional and global programs, internal policy dialogue within AusAID will be necessary. One strategy for increasing coherence and reducing proliferation will be 'blending' regional and bilateral funds under single agreements. The first two years of this delivery strategy will be dedicated to consolidation, with scale-up of bilateral investments scheduled to take place from 2014 to 2016.

The CREO Performance Assessment Framework provided in this document enables AusAID to capture the results needed to demonstrate impact against Objective 3 of the Fiji Country Strategy, and to show its contribution to the Pacific and Agency headline results expressed in the CAPF. The Delivery Strategy also gives effect to numerous thematic AusAID policies and strategies to ensure the best possible approach to working in this sector.

Governance arrangements will be via six-monthly 'review and reflect' management meetings convened by the AusAID CREO Team with all relevant program representatives. This will ensure regular results collection and collation, continuous learning and effective risk management.

The effectiveness of this Delivery Strategy will be determined by the degree to which it can support measurable improvements to the lives of the poor in Fiji. In a challenging political and economic climate where rural poverty remains stubbornly high and urban poverty is concentrated in expanding and vulnerable informal settlements, the CREO Delivery Strategy provides a mechanism for applying Australian aid funding to provide a vital buffer for the poor against financial shocks, natural disasters and food insecurity.

Development Context

As a result of the 2006 military coup in Fiji, Australia does not have a Partnership for Development to guide the delivery of aid in the country. The Fiji Country Strategy 2012-14⁷ emphasises Australia's commitment to help the ordinary people of Fiji cope with socio-economic impacts of political instability and economic hardship. This is couched within a political and economic context that prevents AusAID from working to achieve macro-level development indicators such as the MDGs, national economic growth, inflation, investment and unemployment.

The economy in Fiji has contracted significantly since the military coup in 2006⁸ and while it returned to growth in 2011, medium term growth prospects are weak unless the business, political and structural environment improves⁹. This situation has stifled Fiji's economic growth compared with neighbouring Pacific countries. Emerging evidence points to the impact of a long-term economic downturn as a result of the 2006 coup, with estimated increasing incidence of poverty from 27 per cent in 2006 to 31 per cent in 2009, unemployment levels rising to 8.6 per cent of the population and inflation reaching a 20-year high of 9.8 per cent in 2008. These figures are expected to have now worsened due to the Global Financial Crisis in 2009 and continued political instability which has seen the lowest levels of foreign investment in the country since independence in 1970.

In addition to its economic and political woes, Fiji faces physical challenges. An estimated 49 per cent of the population lives in rural areas, many of them on small islands with small populations meaning there are considerable challenges in delivering basic services to the whole population. Remoteness from major markets, expensive and infrequent transport links and a very high exposure to natural disasters makes service delivery challenging and economic opportunities hard to come by. Fiji was recently rated the 19th most vulnerable country in the world to natural disasters, meaning that cyclones, floods and droughts are regular occurrences, and development programs must take disaster risks into account to be effective.¹⁰ Although Fiji has recently transitioned to upper-middle income status and enjoys an important role as a regional centre, its development has been constrained over the last two decades by political instability. This has affected Fiji's position on the UN Human Development Index (falling from 81st in 2003 to 100th in 2011), its achievements against its MDG targets, and its rising poverty levels, which reflect the country's deteriorating economic situation.

⁷ <http://www.ausaid.gov.au/countries/pacific/fiji/Documents/fiji-country-strategy-2012-14.pdf>

⁸ According to Official interim government data, GDP growth was: +1.5 per cent in 2006, -1.1 per cent in 2007, +0.4 per cent in 2008, -1.9 per cent in 2009 and -0.6 per cent in 2010. Available at: http://www.statsfiji.gov.fj/Economic/gdp_summary.htm. The World Bank assessed GDP growth in 2009 at -3.0 per cent. The official estimate for 2011 stands at +1.4 per cent

⁹ See IMF Article IV consultations mission, November 2011. The team concluded "The Fijian economy is expected to grow by about 2 per cent in 2011, by far the best result of the past five years. Medium-term growth prospects, however, appear to be relatively weak, unless structural reforms are accelerated, and the business climate and political situation improved." Available at <http://www.imf.org/external/np/sec/pr/2011/pr11397.htm>

¹⁰ United Nations University Institute for Environment & Human Security, Bonn, World Risk Report 2011, available at <http://www.ehs.unu.edu/file/get/9018>

Australian Commitment to the People of Fiji

While Australia remains committed to supporting the ordinary people of Fiji who are facing increasing hardship, key political constraints in this environment include an inability to influence policy, legislative or budget decisions; heavy restrictions on freedom of expression and assembly; and a lack of transparency over investments by non-traditional donors.

The economic context includes flagging traditional industries; a chronic lack of investment, high inflation, high levels of public debt and a grossly inadequate social welfare system.

On the basis of our prior investments, capacity for influence, strategic advantage and need to demonstrate results, AusAID has identified three development outcomes for the bilateral program:

1. Improving access to quality education
2. Strengthening primary health services
3. Building resilience and economic opportunities in disadvantaged communities

The table below illustrates how the current programming in Fiji contributes to these three objectives:

	Health	Education	Scholarships	Community Development	Market Development	Financial Inclusion	Social Protection	Rural Development	Climate Change Adaptation	Disaster Risk Reduction	Disaster Response
Education		Yes	Yes	Yes							Yes
Health	Yes		Yes	Yes							Yes
Resilience			Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

The Delivery Strategy has been designed to assist AusAID Suva Post pull together the various bilateral, regional and global initiatives in Fiji that contribute to *Objective 3* under one coherent sector strategy and monitoring framework.

Profile of Poverty in Fiji

AusAID has invested in poverty analysis through partnerships between the World Bank and the Fiji Islands Bureau of Statistics (FIBoS) and between the University of the South Pacific (USP) and FIBoS. This analysis identified poverty estimates of between 31 per cent and 35 per cent

(depending on methods used) in 2008-09, with rural poverty between 43 per cent and 44 per cent, and poverty in the Northern division reaching as high as 47 per cent to 53 per cent. World Bank analysis resulted in the production of Fiji's first poverty maps, identifying both the poverty rates and the poverty density in every *tikina* (small geographic district) of Fiji. These are provided below.

Figure 1: Poverty headcount ratio at the Tikina Level, 2007

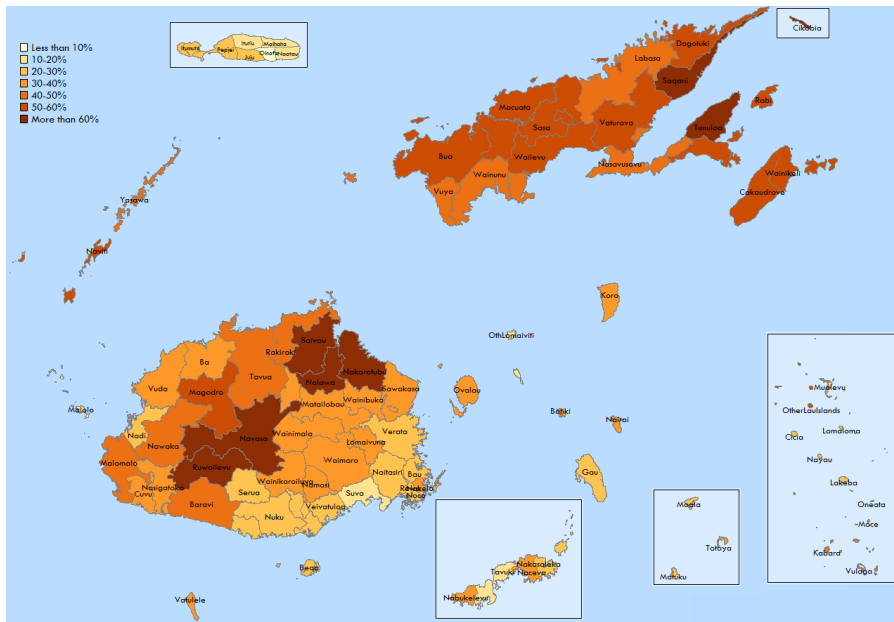
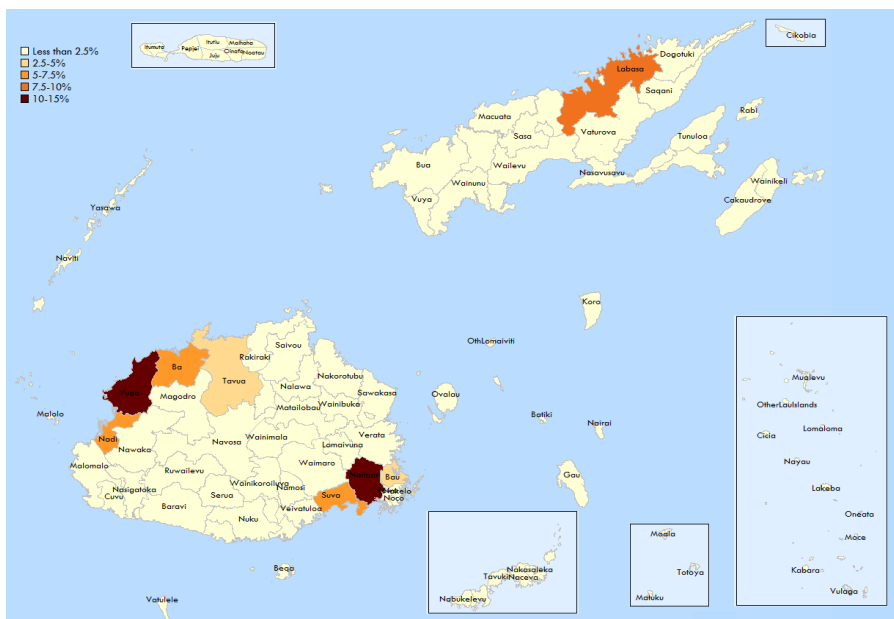


Figure 2: Distribution of the poor at Tikina level as a proportion of total poor



As highlighted in the two poverty maps, Fiji continues to experience high rates of poverty in the rural areas of Vanua Levu and the interior of Viti Levu suffering the most. However, due to population density and the presence of squatter settlements, the majority of the poor are

concentrated in peri-urban areas around the three major cities: the Suva-Nausori corridor, Lautoka and Labasa.

While poverty is widespread in Fiji and applies in equal measure to Indo-Fijian and indigenous Fijian communities, there are distinct differences in the drivers and types of poverty between urban and the rural areas. In rural Fiji, most of the indigenous population are food secure most of the time due to traditional social protection, and access to land with good soils with abundant rainfall. However, they face serious problems of remoteness, high transport costs, lack of market access, lack of advice on crop or livestock alternatives, and a tendency for subsistence level incomes to remain static in the long term. The subsistence lifestyle and limited market opportunities makes the rural poor extremely vulnerable to financial shocks caused by natural disasters, serious illness, cost of funerals, school fees and traditional obligations. In contrast, poor rural Indo-Fijians are more engaged in commercial farming but are often restricted to cane or crop farming on marginal land. The non-renewal by traditional landowners of many agricultural leases previously held by Indian farmers has seen a large number of rural farmers migrating to cities and townships in search of new livelihood opportunities. In addition, rural families both Indian and Fijian are also moving to urban centres to access better health and education services.

In urban Fiji, migration of large segments of the population to informal settlements has caused a radical demographic shift and a very visible concentration of poverty, with nearly one quarter (23 per cent) concentrated in the urban squatter settlement corridors near Suva and Lautoka. These large populations live on marginal land prone to natural disasters and the impacts of climate change, with limited food cultivation, low prospects for employment, scant savings, and poor provision of public services. The urban poor in Fiji have to deal with a relatively high cost of living, with limited opportunities for paid employment which makes them vulnerable to the same financial shocks as the poor in the rural areas.

Fiji is highly urbanised by Pacific standards, with half of the population living in urban agglomerations. With strong evidence of rural poverty and emerging evidence of concentrations of peri-urban poverty and vulnerability, the delivery strategy will seek to work in both of these key concentrations. Likewise, poverty analysis indicates equal poverty levels between the two major ethnic groups; hence the delivery strategy will seek to provide support to both ethnic groups in order to reduce poverty.

AusAID will continue to analyse poverty as part of this Delivery Strategy, particularly in relation to peri-urban settlements and the gendered dimensions of poverty, and support further poverty analysis as part of the next Household Income and Expenditure Survey in 2013/14. This is a key contribution to efforts to target the poor and the disadvantaged. Program managers will be responsible for drawing on this research and analysis whilst conducting CREO field monitoring and overseeing program implementation.

Key Players in the Sector

The European Union (EU) is undertaking an ambitious, €51 million program working with non-state actors in the sugar belt to mitigate the socio-economic impacts of reductions in the preferential pricing of Fiji sugar exports to the EU market. The focus of the work is on technical and vocational training, inputs necessary for rural diversification, provision of seeds/seedlings and quality cane for planting, microfinance, diversification through the livestock industry, support for Farmers' Associations and provision of housing. AusAID and EU have already agreed to share a field office in Lautoka to coordinate work with CSOs.

The New Zealand Aid Program focus in this sphere is on informal urban settlements and economic growth. They have largely withdrawn direct support to CSOs, which was AusAID's main area for collaboration with New Zealand to date, though support for local CSOs continues through NZ-based NGOs. There is potential for future cooperation in some of our work to expand economic opportunities in urban settlements and market development in rural Fiji. We will continue our strong coordination on disaster response.

AusAID has supported the World Bank to work with the Department of Social Welfare (DSW) on social protection and with the FIBOS on poverty analysis. Further support by World Bank will likely be needed to improve future poverty analysis (with FIBOS) and to provide technical support for poverty-based assessments within DSW. UNICEF has separately conducted an assessment of DSW systems and processes and is undertaking sentinel studies on children and poverty.

AusAID is working with United Nations Capital Development Fund (UNCDF), Asian Development Bank (ADB) and International Finance Corporation (IFC) on financial inclusion. The main investment is through UNCDF's Pacific Financial Inclusion Program (PFIP), which has proved to be an excellent partner in the provision of new financial services for the poor. Work funded regionally with IFC through the Pacific Microfinance Initiative on a potential 'greenfield' microfinance institution in Fiji is yet to progress, though IFC continues to look to opportunities to move into this space. Work on micro-insurance with ADB and PFIP is currently underway and shows great promise. ADB is completing its major infrastructure support program in 2011, and has done some analysis of state-owned enterprises. They are looking to invest in private sector development, but options are limited in the current climate.

The bilateral program is engaging with UNWOMEN to inform efforts to improve the way that municipal markets can support improved livelihoods for women, which is likely to lead to a significant investment to upgrade markets and build capacity of women vendors. UNWOMEN is also a key partner for AusAID's efforts to end violence against women in Fiji.

The Fiji interim government has the most significant investments in agricultural extension services and the Reserve Bank of Fiji has taken a lead in regulating microfinance. Land reallocation by the interim government appears to be reducing the rate of eviction of cane farmers on expiring leasehold land, and interim government policy is to arrest the urban migration process. The interim government (through provision of land) and AusAID (through a CSO capital and infrastructure grant) have supported efforts to rehabilitate urban settlement dwellers on productive land near Suva. There is no formal collaboration between the interim government and AusAID in this sphere of work, but they are aware and supportive of our work to date. It is highly unlikely that interim government policies will counteract Australian support targeted at direct service delivery and prevent it from being effective in helping people on the ground.

Fiji has a vibrant and dynamic CSO sector, capable of providing a range of services for both economic opportunities and increased community resilience. This Delivery Strategy – through the FCDP – draws on the CSO sector's grassroots networks, niche areas of specialisation and work with communities to improve their income base, food security, resilience to shocks and community-based social protection mechanisms. In an environment with an ever increasing demand for basic services, civil society organisations offer a delivery method capable of reducing poverty, promoting peace, providing essential services and achieving sustainable development in Fiji.

Strategic Programming Options

AusAID has a strategic advantage as a donor in Fiji through its investments and experience in financial inclusion, social protection, poverty analysis, community development, rural economic development, primary and vocational education, private sector investment and disaster response. We have developed strong partnerships with CSOs over many years and have specialist skills in-country for working with businesses on market development. The scale-up of the bilateral program – with its emphasis on working with non-state actors to reduce poverty – positions AusAID well to focus its investments on making a difference in increasing incomes, access to financial services and improved community resilience.

With the establishment of the new Fiji Community Development Program (FCDP) in 2011 and anticipated incorporation of relevant regional and global initiatives under the new Delivery Strategy AusAID will make a significant transformation under the Bilateral Program in 2012/13, with a reduction in bilateral initiatives from 7 to 3 and most significantly, a reduction in bilaterally managed agreements from 78 to 8. A table illustrating the impact on proliferation for bilaterally managed programming is provided in **Annex 1**.

While recognising the administrative burden that previous initiatives had placed on the Fiji program, it is also important to note that many of the activities under these initiatives were designed as true pilots, such as Mobile (M)-Money, Financial Education, Micro-insurance, Soil Health, Agriculture Recovery/Rehabilitation and Cash-for-Work which have now provided the platform to take these sector interventions to scale under the new CREO Strategy.

What we won't be doing:

- > Providing support for government regulatory reform, given the absence of a parliamentary legislative system. Programs will be able to provide recommendations for regulatory reform, but will not engage in legislative drafting or commenting on Decrees.
- > Developing programs aimed at benefiting sugar farmers, unless through delegated cooperation with the EU, as the EU's investments are already significant in both income and resilience amongst this demographic.
- > Directly investing in interim government rural extension services – focus will be on building private sector capacity (potentially as part of public-private partnerships) to provide appropriate and sustainable extension services.
- > Working separately with multilaterals on Financial Inclusion. The approach of dividing aspects of Financial Inclusion amongst different partners has had limited success and expanded proliferation. We will strengthen our partnership with the Pacific Financial Inclusion Program and support their collaboration with appropriate partners.
- > Directly funding the interim government's formal social welfare budget. We will focus our efforts on continued support for national poverty analysis to inform poverty targeting and policy, while also exploring the opportunities to strengthen traditional social protection practices in the country.

Theory of Change

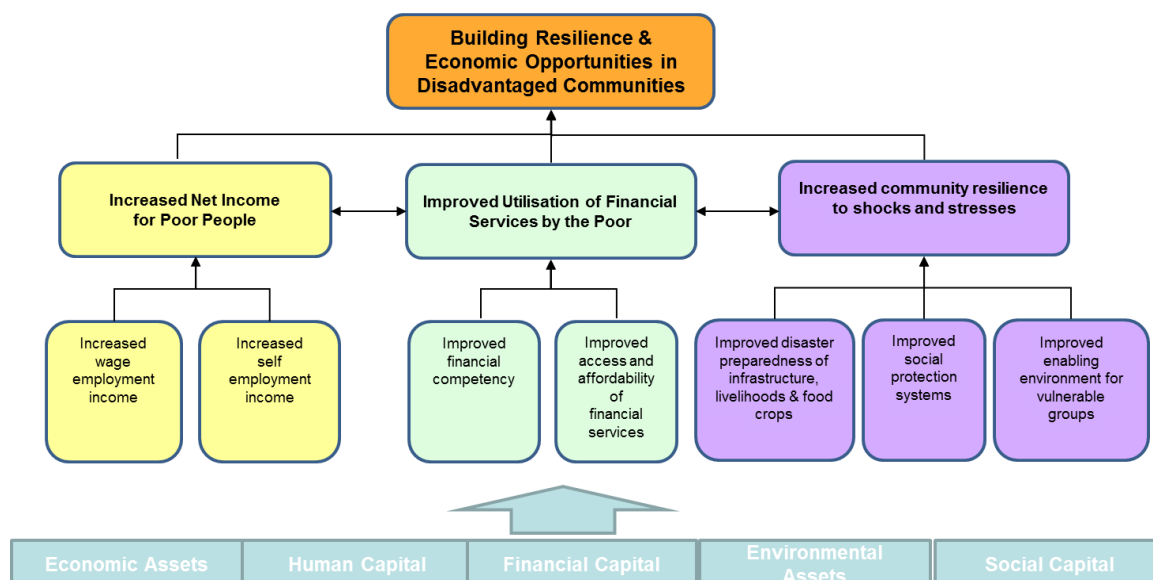
The development of the Theory of Change (ToC) for the sector was guided by the findings of the recent poverty reports for Fiji and an independent field appraisal of Australia's rural development investments in Fiji conducted by Professor Frank Ellis of the University of East Anglia (October 2011).

The Appraisal highlighted the need to take successful initiatives to scale and focus on “livelihood asset building” of the poor in Fiji through improvements in economic assets (markets and inputs), human capital (enterprise, skills, training), financial capital (savings, credit, transfers), environmental assets (the quality of soils) and social capital (social cohesion and informal social protection). The full Aide Memoire for the field appraisal is provided in **Annex 2** of this document.

Given the strong cross-linkages between all these livelihood assets, an effort was made to establish a Theory of Change which raises some combination of livelihood assets that will lead to both income/employment and resilience in disadvantaged communities. Australian aid efforts will contribute to the overall goal by creating new income generating opportunities through paid and self-employment, improving access and uptake of financial services and reducing impact of economic shocks on communities by improving local disaster preparedness, social protection and conditions for vulnerable groups.

The ToC diagram below describes the relationships which will lead to results against the high level objectives of the delivery strategy.

Figure 3: Theory of Change (High Level Objectives)



Development Pathways

As highlighted in figure 3, the theory of change focuses on economic empowerment of the poor through improving livelihood opportunities and utilisation of financial services, while also recognising the important role that local communities can play in the lives of poor and vulnerable.

A brief summary for each of the three (3) development outcomes is provided below.

1. **Increased net incomes for poor people:** To address the growing unemployment problem there is an urgent need to look at the creation of new and diversified livelihood opportunities for the poor in the country. Where commercially viable, the pro-poor market development approach will be used to catalyse new private sector investments in key sectors of the economy to increase wage employment for the poor. Efforts will also be made to work directly with the poor through civil society organisations to promote entrepreneurship and small business innovation to improve self-employment prospects.
2. **Improved utilisation of financial services for poor people:** Is central to the livelihood asset building in the diagram, as financial services can provide the poor with access to affordable finance for new business start-ups, savings accounts to safely accumulate wealth and micro-insurance to mitigate the impact of financial shocks. It recognises that in order to effectively transition previously “unbanked poor”, there is a need to have new innovative financial models that extend outreach to underserved regions and increased capacity of the poor to understand and utilise financial services effectively.
3. **Increased community resilience to shocks and stresses:** Will focus on building community capacity to deal with financial shocks and strengthen support systems for the poor. With increasing levels of poverty, especially in rural areas, the emphasis will be on mitigating the financial impact of natural disasters as well as household-level financial shocks. In recognition of the important role that community social protection plays in Fiji, efforts will be made to improve targeting, inclusiveness and governance of community-level social transfers to the poor. In addition, support will be given to specific initiatives to improve the lives of women and people with disabilities. Together these factors can buffer these communities against shocks and reduce vulnerability to poverty.

As AusAID does not have the capacity to address all aspects of poverty in Fiji, the focus will be on specific areas that contribute to the development outcomes above. The detailed results chain diagrams, including specific activities to be supported for each of the three development outcomes is provided in **Annex 3**.

Suva Post will be using a Performance Assessment Framework (PAF) as the principal basis for assessing progress towards the delivery strategy outcomes, see **Annex 4**. The PAF is designed to be a living document that will be continually refined as the portfolio is developed.

How Australia will deliver its support

The Delivery Strategy has been designed to assist AusAID Suva Post pull together the various bilateral, regional and global programs that contribute to the *Building Resilience & Economic Opportunities* objective of the Fiji Country Strategy under one coherent sector strategy and monitoring framework. A summary of all current AusAID programming relating to the three development outcomes of the sector in Fiji is provided in Figure 4.

Figure 4: CREO Program Portfolio

CREO Portfolio - AusAID Programs	Program Phase	Increased Net incomes for poor people	Improved utilisation of financial services for poor people	Improved community resilience to shocks and stresses
Bilateral				
ACIAR Improving Soil Health Project (ISHP).	Final year of program	Yes	Yes	Yes
Fiji Cyclone Disaster Preparedness (FCDP)	Mid implementation			Yes
Fiji Community Development Program (FCDP)	Early implementation			Yes
Cakaudrove Women's Resource Centre (CWRC)	Early implementation	Yes	Yes	Yes
Regional				
Pacific Microfinance Initiative (PMI)	Final year of program		Yes	
Pacific Financial Inclusion Program (PFIP)	Final year of program		Yes	
Market Development Facility (MDF)	Early implementation	Yes		
Pacific Horticulture & Agriculture Market Access Program (PHAMA)	Early implementation	Yes		
Pacific Financial Inclusion Program (PFIP) Phase 2	In design		Yes	
UNWomen Partners to Improve Markets (PIM)	In design			Yes
Global				
Human Rights Grants Scheme (HRGS)	Mid implementation			Yes
International Climate Change Adaptation Initiative (ICCAI)	Mid implementation			Yes
Eliminating Violence Against Women (EVAW)	Mid implementation			Yes
Australian Volunteers International (AVI)	Mid implementation	Yes	Yes	Yes

Key

Program Phase
Final year of program
Mid implementation
Early implementation
In design

Development Outcome 1: Increased Net Incomes of the Poor

The Fiji Community Development Program (FCDP) provides grants for community services provided to vulnerable, poor and excluded communities as well as capacity building for Civil society Organisation (CSOs) to improve their reach and scope of services. The program cuts across all three development pillars of the Delivery Strategy, as well as the wider Fiji program including health and education.

Under Development Outcome 1, FCDP will support local CSOs that are providing livelihood and income-generating projects for poor and vulnerable. The program would also look to build the capacity of local CSOs to improve their business development and support services to promote the creation of sustainable livelihoods.

The Market Development Facility (MDF) is a multi-country program focussed on stimulating sustainable, private sector-driven, pro-poor market development. The MDF is focussed on identifying growth sectors within the Fijian economy and partnering with key players to catalyse market growth that increases employment and income earning opportunities for the poor. The MDF has already developed a portfolio of investments for the horticulture and tourism sectors in Fiji and is exploring new sectors to address urban unemployment.

The Pacific Horticultural & Agriculture Market Access (PHAMA) Program is a regional initiative designed to maintain and improve international market access for high value agricultural produce from the Pacific. In Fiji, the initial focus has been on ginger and taro exports, and potential expansion to chillies, jackfruit, breadfruit and eggplant. The work of PHAMA and the opening up of new export pathways is expected to provide new business opportunities along the value chain in Fiji, from large exporters to small-scale farmers.

Australian Volunteers for International Development (AVID) is the apex body for Australian volunteer organisations in Fiji, including Australian Volunteers International, Australian Youth Ambassadors, Australian Business Volunteers and Volunteers for International Development Assistance. The work and contribution of volunteers cuts across all the AusAID sectors, including the three development priorities under the Delivery Strategy. Under Development Outcome 1, volunteers would be used to improve technical capacity of CSOs to deliver livelihoods programs as well as working directly with private sector as business mentors or advisers.

Synergies between programs

There are a number of synergies and opportunities for collaboration amongst the four programs, with volunteers already embedded in many local CSOs involved in livelihood programs and possibilities to also link business volunteers with MDF and PHAMA private sector partners. The initiative has already been taken by the MDF program to formalise a MOU with PHAMA to share information and work with local stakeholders to work on the backward linkages needed to take advantage of new export market opportunities.

Development Outcome 2: Increased Utilisation of Financial Services by the Poor

The Pacific Financial Inclusion Program (PFIP) is a regional program responsible for improving access to financial services by the poor in the Pacific. PFIP is a key technical resource for Pacific Governments, especially the Central Banks in establishing national policies and priorities to improve financial services for the poor. The program has also used performance based grants to

promote private sector innovation and investment in the sector. PFIP has achieved a number of firsts for Fiji and the region, including the transitioning to electronic welfare payments, introduction of Mobile (M)-money and the mainstreaming of financial education in the curriculum (FinED).

The Pacific Microfinance Initiative (PMI) is an AusAID regional initiative with the World Bank through the International Finance Corporation (IFC). Work in Fiji is focussed on the establishment of a Greenfield Microfinance Institution (MFI).

The FCDP Program will support efforts by CSOs to offer grass-root financial management and household budgeting training, as well as building the capacity and outreach of CSOs to offer micro-savings, micro-insurance and microfinance services to their members.

Synergies between programs

PFIP is currently using a local CSO and a faith based organisation as part of their micro-insurance pilots in Fiji. This provides an excellent opportunity for PFIP to work through FDCP in the future for the national roll-out of micro-insurance through other CSOs and community/religious groups. The FDCP program is also considering the use of Australian volunteer attachments as part of their capacity building program for local CSO MFIs. Future collaboration with PMI could also be considered once work on the Greenfield MFI in Fiji begins.

Development Outcome 3: Improved Community Resilience to Shocks and Stresses

As highlighted earlier, the FCDP Program is focussed on mitigating social and economic hardships faced by the poor, vulnerable, and excluded communities in Fiji by funding the community development works of CSOs. Under the program CSOs will be supported to improve traditional or informal social protection systems via the development of more meaningful and inclusive local and community governance systems to build social trust and stronger communities.

In line with the Delivery Strategy, a new Community Resilience and Economic Opportunities (CREO) bilateral initiative was developed to take forward new work in the sector that fell outside of the scope of existing programs. The first activity to be funded under CREO initiative is the construction of the Cakaudrove Women's Resource Centre (CWRC) which is being implemented through Architects without Frontiers (AWF) and will be Fiji's first centre of its kind for indigenous rural women.

The Fiji Cyclone Disaster Preparedness Initiative (FCDPI) was established by Suva Post to ensure that the Australian Government can respond rapidly to relief efforts following natural disasters such as cyclones and severe flooding.

The AVID program has existing volunteers working on disability inclusive development with Disabled Persons Organisations (DPOs). Volunteers also work in the area of disaster management and climate change by working with communities to reduce risks and develop ways of adapting to climate change. This also includes work with vulnerable groups to ensure their integration into disaster management and response. Support to the Pacific Regional Rights Resource Team (RRRT) works to provide technical, policy and advocacy on human rights to promote social justice and good governance including Fiji. AVID will also focus on building capacity among women's rights groups and agencies such as the Department of Social Welfare and CSOs on improved protection for women and children.

The global initiatives, including the Human Rights Grants Scheme (HRGS), Eliminating Violence Against Women (EVAW) and International Climate Change Initiative (ICCI) all look to channel annual grant funding through local and regional institutions to support work towards global targets.

Synergies between programs

The FCDP Program will be used to assist the AWF local partner, Soqosoqo Vakamarama ni Cakaurove (SVC) with capacity building to be able to effectively manage the CWRC following its construction. Suva Post is also currently exploring the possibility of FCDP being used as the key program in the future to channel and monitor HRGS, EVAW and ICCI funding in Fiji.

Specific End-of-Strategy Outcome Targets

Increased net incomes of the poor

- > 3000 poor people (at least 40 per cent women) will increase their net incomes through market development and livelihood programs
- > 1000 poor people will graduate with technical and/or enterprise skills (at least 30 per cent women) which will allow them to secure employment or start their own businesses.

Improved utilisation of financial services by the poor

- > 200 000 school students (at least 40 per cent girls) annually have access to financial education
- > 100 000 unbanked people (at least 40 per cent women) will have increased access to financial services such as savings, loans, remittance and micro-insurance

Increased community resilience to shocks and stresses

- > 100 communities have improved means of coping with effects of natural disasters and climate change
- > 100 communities have improved decision making systems that are inclusive, accountable and transparent
- > 50 000 vulnerable women, men and children will benefit from improved social transfers
- > 20 000 women survivors of violence will receive services including counselling
- > 10 000 people with disabilities will have improved access to services through support for disability inclusive civil society organisations

Cross-cutting in support of DS

- > 30 000 women assisted under the strategy
- > 10 000 people with disability benefit from activities under the strategy
- > 50 CSOs involved in the delivery of services under the strategy
- > 50 volunteers involved in the activities under the strategy
- > 50 scholarships provided in support of the strategy

Future Programming and Design

As the current suite of sector programs above were designed prior to the development of the Delivery Strategy, the sequencing of the new AusAID sector design process has initially focussed on bringing coherence and scale to existing programming. As a result, the ToC and Performance Assessment Framework (PAF) for the Delivery Strategy will also be used to test previous program logic. This will provide Suva Post with a starting point to guide future programming, reporting and resourcing, as elements which do not contribute to the CREO objectives can be phased out and those showing an impact can be scaled up.

Suva Post has also been proactive in looking at potential future programming under the Delivery Strategy and has identified opportunities to be involved in the design of Phase 2 of the Pacific Financial Inclusion Program (2013-2016) and the UNWOMEN Partners to Improve Markets Project (2013-2016).

Cross Cutting Issues and Alignment with AusAID Strategies

The development and implementation of the delivery strategy has been guided by various AusAID strategies and thematic policy guidelines, including;

Financial Services for the Poor Strategy

Specific bilateral initiatives will continue to be supported and scaled up to contribute to Outcomes 2, 3 and 4 of the AusAID strategy to increase access to financial services by the poor in developing countries. This includes working with existing and new “greenfield” micro-finance institutions to improve service delivery, use of new technology innovations such as Mobile-Money to expand national outreach of financial services and the mainstreaming of financial education into the school curriculum to raise the level of financial literacy in Fiji.

Sustainable Economic Development: Improving Food Security - Thematic Strategy

All three pillars of action recommended under the policy framework will be addressed as part of delivery strategy, including lifting agricultural productivity through continued work on improving soil fertility and use of agriculture inputs, improving rural livelihoods by connecting people to markets and building community resilience through improving conditions and coping mechanisms to deal with financial shocks.

Promoting Opportunities for All - Gender Equality and Women’s Empowerment Strategy

The initiatives in this Delivery Strategy relate most specifically to Pillar 3 of AusAID’s gender strategy: empowering women economically and improving their livelihood security. AusAID will work with civil society and business to promote women’s economic empowerment, both through women-targeted initiatives (such as improving the quality of municipal markets with and for women) and by ensuring that women are significant beneficiaries of market development and financial inclusion programming. Gender disaggregation of results by all major programs will track the degree to which women benefit from and inform program orientation. Support for community-based social protection will specifically aim to make these mechanisms more

inclusive, in particular for women. The community development program will also provide direct services, including advocacy, for women and girls in vulnerable situations.

Development for all Strategy

People with disability will be given a voice at community level through initiatives aimed at increasing the inclusiveness of community-based social protection. At the early stages of implementation and through the life of the program, each program will be linked with disabled people's organisations and with AusAID disability advisers to maximise inclusion of people with disability.

Disaster Risk Reduction Strategy

The incorporation of climate change adaptation and disaster risk reduction into this Delivery Strategy provides us with a mechanism for linking environmental impact with development impact, in line with the *Investing in a Safer Future* disaster risk reduction policy. Programming will seek to go beyond 'integration', as disasters are such a common cause of vulnerability in Fiji. The delivery strategy provides a basis for linking disaster risk reduction programs with food security and livelihood programs that will increase communities' resilience to natural disasters. Climate change adaptation funding will, as far as possible, be married to the overall objective of this delivery strategy, so that climate change funds also contribute to livelihood resilience for environmental consequences of climate change, including increased threat of natural disasters. This will have the corollary effect of increasing the value of environmental assets by vulnerable communities, because they will see a direct economic benefit.

Australia's Aid in Fragile and Conflict-affected States

This provides an important orientation for this Delivery Strategy. The focus will be on Aim 3: *Building more resilient communities*, which asserts "Strong communities, with the capacity and internal strength to cope with and recover from challenges, are crucial to peace-building and state-building." In applying a 'Do No Harm' lens to our support, particularly in the CSO sector, AusAID will seek to support the 'connectors' between communities, for example by funding multi-ethnic income generation initiatives at the local level.

In an effort to effectively consolidate all bilateral initiatives related to the new delivery strategy, efforts will also be made to align and report on volunteer assignments and scholarships awards related to the 3 Pillars of the strategy.

Aid Delivery and Scalability

In December 2011, then Foreign Minister Rudd announced Australia would be doubling its bilateral aid program in Fiji over the next two years. This Delivery Strategy provides the coherence and flexibility to guide this scale-up as it pertains to economic opportunities and community resilience. Scaling up programs will only be effective once the current range of programs can effectively be aligned and consolidated. Hence the first two years of this strategy will focus on pulling together the range of investments under the CREO portfolio, in order to establish a platform for decisions about scale-up

The political context of Fiji makes 'scalability' a vital consideration. All programs recently designed and tendered – in health, education, community development and market access – are capable of being scaled up or down, as well as the capacity to channel AusAID regional/global

funding and co-financing from development partners The Fiji program is currently implementing a doubling of the bilateral program and this delivery strategy is an important mechanism for ensuring scale-up is well targeted, does not lead to unnecessary proliferation and meets the higher level program objective.

Given the current fragmentation of this portfolio across bilateral, regional and global investments, as mentioned above the first two years of this delivery strategy will focus on consolidation of existing funding streams and the ability to measure results against a performance assessment framework. One strategy for increasing coherence and reducing proliferation will be ‘blending’ regional and bilateral funds under single agreements where feasible this consolidation will, by 2014/15, provide a platform for scaling up CREO investments in the final two years of the program, subject to program performance, financial approvals and the new country strategy.

AusAID will use the CREO Delivery Strategy as a guiding mechanism for scale-up under Objective 3. Decisions to increase the volume of aid channelled through existing programs or to support new programs will be based on:

- > Alignment with the Fiji Country Strategy;
- > Alignment with this Delivery Strategy;
- > Ability to address bottlenecks in market access for the poor (such as lack of; information, training, inputs, access roads, physical markets);
- > Contribution to poverty alleviation; and
- > Value for money

Delivery Strategy Management

This strategy provides the investments for the third objective of the Fiji country program – taking into consideration recent, current and future programming. It guides consolidation over the next two years, which in itself will see a greatly enhanced investment in this objective, and provides a platform for scale-up of future bilateral and regional investments over the following two years. It does not cover any additional spending on health, primary education, scholarships or preparation for constitution/elections.

Choice of Aid Modalities: In the absence of a contemporary formal partnership for development and opportunity to work through Government systems, there has been a shift to using management contractors and development partners to deliver the Australian aid program in Fiji. This is the case for the current programming captured under the delivery strategy however this could change if the engagement strategy in Fiji changes in the future.

New Management Arrangements: Management arrangements at Suva Post will be brought in line with the new strategy through the establishment of a CREO Sector Team, headed by a Senior Program Manager and two Program Managers. The team will manage the portfolio of investments in the sector, including direct contract management for bilateral initiatives as well as management oversight, including representation on relevant steering committees of regional and multi-country programs in the country. The new roles and responsibilities of each of the CREO team will be captured under Individual Performance Plans (IPPs) of each of the CREO Team beginning in 2012/13. The CREO Proposed Staffing Structure is outlined in **Annex 5**.

Efficiencies in program management: This delivery strategy provides a mechanism for reducing proliferation in the bilateral program. AusAID will also improve efficiencies by ‘blending’ bilateral and regional investments where appropriate, either by adding bilateral funds to relevant

regional programs, or vice versa. This will reduce demands on partners, reduce program management burdens, and improve quality processes. The use of managing contractors to deliver key programs in community development, financial inclusion and market development is an important strategy AusAID has taken to reduce the contract management burden and enable staff to focus on monitoring, evaluation, analysis, learning, quality assessment and relationship building.

Poverty Centred Programming: As all major programming under the DS was developed prior to the delivery strategy, the connection between poverty analysis contained in the DS and the implementation of various programs will need to be developed and integrated further through consultation with implementing partners. Where possible AusAID will seek to influence and advocate for improved poverty analysis and targeting through representation on various country level steering committees and program reviews.

Scaling up: Once consolidation has been embedded (by 2014), the delivery strategy envisages scale-up of the best-performing modalities to take advantage of new economic opportunities which may arise with the return of private investment into Fiji. Scale-up of funding will depend on financial approvals, work of other donors and government, evaluations of program performance and quality, and changes to the Fiji country strategy once it expires in 2014.

Performance Management: Performance management of this delivery strategy is based on a high level performance assessment framework (PAF) that will draw together data from the contributing initiatives, and align with the broader Pacific and agency-wide results frameworks.

Managing for Results: CREO will aggregate results that will enable reporting on the comprehensive aid policy framework headline results, via the Pacific Division headline results. The Fiji program has developed a Program-wide M&E Framework, which will aggregate up results from the programs under this delivery strategy and provide the basis for performance monitoring. The PAF for the delivery strategy provides end-of-strategy indicators against the areas of work invested in, as described in the Theory of Change.

Policy Dialogue: AusAID staff will need to engage in a range of forms of policy dialogue, and this engagement will necessarily need to evolve over time, particularly in line with the post-2014 country strategy once it is adopted. Policy dialogue will not only be external (CSOs, private sector, interim government, other donors) but also internal, as the agency seeks to consolidate its range of investments towards Fiji's country objectives. Internal engagement with the Pacific regional program, with thematic budget measure managers, with global fund managers, and with areas including scholarships, volunteers, gender, disability and civil society, will be essential to this consolidation process. An increasing range of Australian whole of government partners as well as interim government officials will need to be engaged with over the life of this delivery strategy.

Governance arrangements will be as per new managing contractor program requirements, with additional advisory support either supplied by the program or brought in by AusAID under its Program Performance and Quality initiative. Under MDF, AusAID Suva will engage in the Country Steering Committee as well as the overall governance body. The other key element of performance management will be the regular process of review and reflection of progress. This will involve consideration of indicators data, as well as consideration of what implementing teams are learning about their programs and the operating context, and what AusAID staff have experienced in their management roles. This review and reflection will take place at a **six-monthly management meeting** chaired by the program, with senior staff from Post and Canberra, and involving the Counsellor and/or Minister-Counsellor Pacific, which will bring

together the senior staff of all programs involved in the Delivery Strategy. The meeting will be designed to enable in depth discussion of:

- > progress against the PAF
- > any changes in context or lessons from program implementation that necessitate adjustments to the theory of change or program logic of the Delivery Strategy;
- > degree to which programming has promoted social cohesion and enhanced the empowerment of women and people with disability
- > opportunities to strengthen collaboration; and
- > any other significant issues affecting the performance of the aid program against the stated outcomes of the delivery strategy.

Held twice a year, these management meetings will be scheduled so that one occurs just prior to the preparation of the QAI report. Its discussions will consider all the key quality criteria so as to provide a foundation for QAI and APPR reporting. The meeting would be able to consider the range of bilateral, regional and global programs that contribute to CREO in Fiji. This will help facilitate a significant improvement in management and quality reporting over the current fragmented approach.

Risk Management: This is appropriately undertaken at program level. Political and fiduciary risks are already incorporated into each Fiji program. Universal risks to programs under this Delivery Strategy include:

- > risk of further decline in political relations between Australia and Fiji, rendering programs under the Delivery Strategy inoperable
- > risk of economic conditions markedly deteriorating
- > risk of further or continued restrictions on freedom of speech, assembly and association
- > risk of major natural disasters beyond the capacity of disaster risk reduction and/or disaster response capacities

While some of these risks cannot be mitigated, the advantage of a cohesive delivery strategy, driven by a Theory of Change is that if risks impede progress in a particular initiative, funds can be diverted to initiatives showing success or carrying a lower risk profile, as political and economic conditions change. For example, if an economic crisis means jobs and incomes cannot be generated at any significant rate; funds could potentially be diverted towards initiatives aimed at boosting food production and community resilience.

The program has identified specific risks associated with the implementation of the new delivery strategy which are captured in the CREO Risk Register, attached as **Annex 6**.

Conclusion

Drawing on the strengths of current and recent programming across a number of mutually reinforcing sectors, and with new modalities and funding streams at our disposal, the Fiji program is well placed to focus on the impact of our funding at the objective level. Concerns about increasing hardship, concentration of poverty and economic stagnation have fuelled AusAID's desire to focus on private sector and community level interventions aimed at providing reinforced coping strategies for people in Fiji. This is strongly aligned with AusAID's policy objective to mitigate the socio-economic impacts of the current malaise on the poor and vulnerable. This delivery strategy is necessary to ensure the program can stay focussed on its results whilst harmonising with other donors and managing a rapid scale-up agenda in a difficult environment. It describes the rationale, theory of change and programming interventions that will lead to a streamlined, coherent program that will deliver us measurable results in increasing economic opportunities and community resilience in Fiji.

Annexes

Annex 1: CREO Impact on Proliferation of Bilateral Programming

A key motivation for the Delivery Strategy is to reduce proliferation of related and mutually-reinforcing initiatives. It is estimated that the impact of this Delivery Strategy will be a reduction in bilateral initiatives from seven to three, with the incorporation of relevant regional and global initiatives. Most significantly, this equates to a reduction in managed agreements from 78 to 8 by 2012/13. The table below describes the impact on proliferation for all bilaterally managed programming.

Financial YEARS: 2010/11 - 2011/12 7 Initiatives (78 Agreements)	Financial YEARS: 2012/13 – 2013/14 3 Initiatives (8 Agreements)
1. Rural Enterprise Development (4)	1. Community Resilience and Economic Opportunities (3)
2. Fiji Rural Economic Development (3)	
3. Fiji Financial Inclusion (3)	
4. Social Protection (4)	
5. Australian Civil Society Support Program (20)	2. Fiji Community Development Program (1)
6. Transition Support for Fiji Community Development Program (40)	
7. Disaster Preparedness (4)	3. Disaster Preparedness (4)

Annex 2: Frank Ellis Aide Memoire AusAID Suva 4 Oct 2011

Overview

This Aide Memoire describes the findings from a visit by Frank Ellis to Fiji from 25 Sept to 4 Oct 2011. The aim of the visit was to contribute to the transition between a previous set of funding commitments in the agricultural, food security and community resilience areas to a future set of commitments set within a Theory of Change (ToC) and a Delivery Strategy (DS). The visit comprised a near comprehensive round of meetings with current and future stakeholders in the proposed Building Resilience and Economic Opportunities for Disadvantaged Communities component of the new aid strategy in Fiji. This was followed by field visits to roughly 20 past and ongoing projects funded by AusAID in Fiji

Past projects were generally found to be quite unusually successful at achieving their intended outcomes. In particular, a model for connecting farmers to markets via the identification of a key facilitating organisation (private business, CSO or community-based) has yielded strikingly good results in a number of instances. This model depends on the opportunistic selection of a facilitator identified as already having momentum in one or more product markets that offer potential for expansion to increased numbers of farmers. In addition, AusAID has supported the activities of several dynamic CSOs that have made visible differences in community development projects covering health, nutrition, backyard gardens, gender equity, disability and social protection.

Considerable progress has been made in devising an appropriate ToC and DS to provide a structure for planned commitments across rural and agriculture, urban, financial, civil society, disaster risk reduction and social protection programmes. The ToC identifies suitable high level purposes and goals, and the component programmes are able to demonstrate the pathways by which these goals can be met by programme execution. The DS contains an appropriate structure and sub-headings according to the understanding of this consultant concerning its intention within the new country strategy architecture. In view of the observations made above about the mode of success of previous free standing small projects, it will be important that sub-contracted programmes are able to offer the flexibility of assistance that will allow 'winners' for income growth and resilience in Fiji to be supported in the future. The final section of the aide memoire lists the author's perceptions concerning funding priorities as well as observations about potential scale-up; however, these should be interpreted in the context of the limited timescale of this exercise.

Context

After visiting a substantial number of projects, and looking at project and draft design strategy documentation, an approximate categorisation of what has been happening in the past (sometimes continuing) is set out in the following bulleted lists. This is really just a way of clearing the ground, but it points to some interesting connections between existing and planned components; as well as pointing the way to the theory of change and the design strategy.

Funding Groupings

- A. Enterprise Challenge Fund (ECF) [past]
- B. Market Development Facility (MDF) [future]

- C. Fiji Rural Economic Development [continuing]
- D. Climate Change Adaptation/DRR/DRM [some past + future]
- E. Civil Society Organisation Support [continuing]
- F. Financial Inclusion [continuing]
- G. Market Access Fiji Exports [continuing]

Cross-Cutting Topics/Themes

- (1) Markets and enterprise (funding types A, B, F and G)
- (2) Livelihood asset building (funding types C and F)
- (3) Food security (funding type C)
- (4) Resilience (vulnerability reduction; SP; DRM/CCA) (all funding types)
- (5) Community development (funding types C, E, perhaps F)
- (6) Social support services (crossing over into education and health) (funding type E)
- (7) Replication, scaling up (all funding types but esp. important in B and F)
- (8) Geography of poverty (all funding types; are AusAID efforts *located* to address the needs of the poorest or most vulnerable in Fiji?)

Important Interactions

- (a) Asset building includes human capital (training, skills), social capital (community development), economic assets: beehives, nurseries, teak trees etc; natural capital (the quality of soils); and financial capital (remittance transfers, savings, access to credit);
- (b) Markets and enterprise are to do with increasing and diversifying income sources, thus contributing to food security, resilience and capability to adapt to climate change;
- (c) Community development strengthens social cohesion (traditional social protection), and therefore contributes to food security and resilience at community level;
- (d) DRM can be a joint effect of strengthening other areas (emergency seedling stores being a case in point); climate change adaptation follows directly from greater food security and more resilience – unless it is intended to undertake infrastructural climate change projects (sea walls, river bunds etc), then climate change can be subsumed under strengthening people's ability to deal with risk in general, including current and future climate risks;
- (e) Financial inclusion offers potential of replication and scale: the use of mobile phones for financial services other than remittance transfers merits special encouragement;
- (f) Strictly, food security is not an issue in Fiji (there is no significant 'missing food entitlement' problem); however, nutritional outcomes may vary by location, age, gender etc for social and economic reasons). Also there may be scope for substituting imported foods by locally grown foods with both economic (at the macro level) and nutritional (at the local level) benefits.

Additional Notes

Note 1: The tension between individual entrepreneurship and social obligation in efforts to increase standards of living and livelihood security needs to be kept in mind. It is no coincidence

that the best functioning projects in communal Fijian settings are those which incorporate individual initiative within the community obligation context (Lutu, Tutu). Conversely, where community obligation is not a strong feature, individual entrepreneurship works well, and the more critical issue becomes the demonstration or replication effect of individual success (as manifested by the beekeeping project).

Note 2: The distinction between private and public interest is an interesting and important one when discussing aid contributions to market or private sector led economic activities (i.e. businesses). Where a business is unable to demonstrate additional public added value (for example, assistance to other producers with technical expertise or inputs) then the case for an AusAID contribution is weak; however, when the business is able and willing to carry out public outreach activities, then AusAID contributions to these activities are valid and can be very effective.

Projects Visited (and any other relevant projects)

This section of the aide memoire constitutes a brief summary of projects visited or discussed during the author's visit to Fiji. A selection of the project sites visited are subjectively rated by the author from personal observations made during the field trip and (some) background reading. The scoring comprises the 6 criteria of: size of outreach (incl. replication, scale up); contribution to resilience (vulnerability reduction; risk spreading); proven cash income generation (i.e. sales rather than subsistence); reaching the poorest; future sustainability (when AusAID help ends); and community cohesion (only when this is a pertinent criterion). Scoring is on a scale of 1-3. Overall score is a simple average of the 5 or 6 criteria.

Funding Type A

Type A projects are past ECF funded projects. They address themes (1) and (2), and in the process also address (3) and (4). Financial assistance has been to a component of overall project design, sometimes with a broader outreach intention (extension support; critical assets; nurseries etc.)

Nature's Way Cooperative

Nature's Way Cooperative is a commercial enterprise, which incorporates cooperative principles for its trader members and growers. Its core operation is the preparation of horticultural products (specifically papaya) for export using a heat treating method to eliminate contamination by insect pests (fruit flies). It undertakes this service for trader and grower members. It also undertakes the packing of treated products under the brands of its different trader members. It has spare capacity for future growth, and therefore offers the prospects for expansion of products and growers in the future. AusAID has supported the provision of extension support and training to growers. This is a very good project offering a particular model for connecting farmers to export markets. Nature's Way is located in Nadi in Western Province.

SCORE - Outreach: 3; Resilience: 3; Cash: 3; Poorest: 2; Sus: 3; *Average: 2.8*

Reddy Duck Farms. In some ways similar to Nature's Way, but directed to the domestic rather than the export market, Reddy Duck acts as the facilitator by which contracted duck raisers can be connected to the domestic consumer market for ducks. Reddy Duck supplies contracted farmers with ducklings as well as technical advice and appropriate feed. It also provides facilities for slaughter and chilling or freezing for onward sale to supermarkets and hotels. This is a good project, previously supported by AusAID for some components of its infrastructure and advice to

contracted farmers. According to its owner, the company is approaching the maximum trade volume that can be achieved without a substantial scale-up in its investment and fixed costs. It seems probable that the company will stay at its current level of operation, not therefore offering scope for further expansion in its contract farmers.

SCORE - Outreach: 2; Resilience: 2; Cash: 3; Poorest: 2; Sus: 2; *Average*: 2.2

Future Forests Fiji. Future Forests provides yet another good example of the model by which a strong commercial enterprise can be assisted during its early expansion in order to cause spread effects by outreach to poor farmers. Future Forests is a teak growing enterprise, and AusAID assisted at a critical stage with the funding of a nursery facility enabling the enterprise to provide free seedlings to poor farmers who wished to take up teak production. Teak is a long term investment with serious returns occurring only after 11 years and full size of mature trees reached in 25 years. It remains to be seen if poor small farmers will stick with the necessary cultivation practices to ensure the realisation of the high potential income that teak can provide. A complementary activity which offers shorter term income potential is grazing sheep within teak plantations. The company will in the future continue to provide technical advice to growers, and will provide the timber processing facilities when harvesting gets under way.

SCORE - Outreach: 2; Resilience 2; Cash: 3; Poorest: 2; Sus: 3; *Average*: 2.4

Funding Type C

Type C projects are past or ongoing ‘rural development’ projects concerned with increasing farm productivity, encouraging markets sales of agricultural output, ensuring food security, and increasing the livelihood resilience of farmers and communities.

PCDF-MORDI villages. MORDI is a rural development project in the Pacific funded by IFAD with an AusAID contribution. In Fiji MORDI is managed by an NGO called Partners in Community Development (PCDF). A field visit was made to one out of three sites where MORDI is working on, amongst other things, connecting farmers to markets. The site visited was Veinuqa district in Namosi province. Discussions held in a village hall were strange in that facilitators and others discussed events and priorities such as sewing machines, satellite phones and solar panels which seemed little to do with MORDI objectives (and were being funded by other entities). It was difficult to discern any major excitement about MORDI-specific activities. It is possible that farmers in the selected villages were already quite capable of identifying their own markets.

SCORE - Outreach: 1; Resilience: 1; Cash: 1; Poorest: 1; Sus: 1; *Average*: 1.0

Lutu Cooperative. The Lutu Cooperative is a well-known ‘success story’ of farmer-to-market cash income generation in a group of three traditional Fijian villages: Nukuloa, Navunivaro and Lutu, which together comprise the Lutu District in Naitasiri Province in Fiji. The Cooperative is embedded in the Fiji cultural tradition of social obligation and reciprocity, and is really a communal rather than cooperative initiative, lacking the institutional features which would normally be associated with the term ‘cooperative’. Lutu Cooperative produces taro for export to New Zealand, and has a disciplined weekly routine in which farmers must work on their own taro farms from Mon-Thur, and must refrain from drinking kava in these days. This is a highly successful project; but appears not to be replicable. No adjacent villages have adopted the same approach to generating cash income from their land (i.e. there have been no demonstration effects), nor has the model been adopted elsewhere in Fiji despite numerous visits to study the project by government officials, donor personnel and NGO workers over the past twenty years.

SCORE - Outreach: 1; Resilience: 3; Cash: 3; Poorest: 2; Sus: 3; *Average*: 2.4

Tutu Rural Training Centre. This innovative centre located in Taveuni has developed a unique approach to encouraging young Fijians from communities in Taveuni and southern Vanua Levu to take up agriculture as an occupation, and to realise the income gains (for themselves and their communities) of growing crops for market sale. The core programme involves rotating students between fields allocated at the training centre and their own fields back in their home villages. The young farmers are given realisable goals to achieve (for example, raising sufficient income to build themselves a superior home), and the full programme takes 4 years to complete since yaqona is the principle crop from which high levels of cash income can be realised. There is also a shorter married couple's programme (6 months) concerned with home economics which seems to work well. Tutu offers a template which could possibly be replicated in other areas of Fiji with crops not necessitating quite such long training cycles.

SCORE - Outreach: 3; Resilience: 3; Cash: 3; Poorest: 3; Sus: 2; *Average: 2.8*

Government/SPC Macuna Bean Trials (this is classified on the itinerary as DRR but is clearly to do with soil fertility). Not scored.

Tei-Tei Tavenui Farmer Group. Location Taveuni (links to ACIAR Soil Health Project). Not scored.

Saraswati Bee Keepers. This is a beekeeping project with a civil society organisation called Saraswati which AusAid assisted with a small grant. The project has been a very considerable success creating 700 new beekeepers with between 4 and 24 hives each and producing additional income of between FJD1, 000 and 6,000 per year. Saraswati provides 4 hives initially to prospective beekeepers in Ra province in Viti Levu, as well as training and technical support in how to keep bees. The project has provided a new source of income in cane growing areas where returns to sugar cane have fallen steeply in recent years. Saraswati offers good prospects of expansion of beekeeping to other parts of Fiji, as well as using the same model for other forms of income diversification in rural areas.

SCORE - Outreach: 3; Resilience: 3; Cash: 3; Poorest: 2; Sus: 3; *Average: 2.8*

Funding Type D

Votua village – essentially village water supply and not really DRR/DRM (except at a stretch), may have positive livelihood implications. Not scored.

Micro-nurseries project. This is an interesting project in which AusAID has funded a disaster risk management (DRM) component located within a start-up nurseries enterprise, which has the commercial objective of supplying improved seedlings for various horticultural and food crops to farmers. The DRM component comprises the ingenious use of modified freight containers to act as seedling storage containers in the event of a cyclone. The basic model is that seedlings are grown on a continuing basis in nurseries in selected locations, so that farmers can be resupplied with planting materials after a natural disaster. The trays that these seedlings are grown in can be quickly moved into the freight containers on advanced warning of a cyclone, thus protecting this important source of recovery from disaster.

SCORE - Outreach: 2; Resilience: 3; Cash: 2; Poorest: 2; Sus: 2; *Average: 2.2*

Funding Type E

Type E projects comprise support to NGOs or civil society organisations. In the future this type of project (including continued support to existing NGOs/CSOs) will presumably be situated under

the independently managed CSO programme. NGOs in this funding category often provide multiple services across sectors including microfinance, food security, nutrition, community cohesion, counselling services, health services; skills training and others.

Foundation for Rural Integrated Enterprises and Development (FRIEND). This is an NGO with a community development model that it applies across both rural communities and urban settlements. It does an interesting combination of economic and social support activities, and is involved in trying to reduce the incidence of non-communicable diseases in the places where it works by attention to diversity of food supplies (from back gardens) and dietary advice as well as exercise regimes. FRIEND appears dynamic and innovative and is looking to do new things with a greater cash income generation potential in the future.

SCORE - Outreach: 3; Resilience: 3; Cash: 2; Poorest: 2; Sus: 1; CC: 3; *Average: 2.3*

Pacific Counselling and Social Services (PCSS). PCSS is an NGO based in Lautoka town which provides counselling, health, and social services, as well as urban income generating projects at community services centres in Lautoka and Labasa. The NGO appears well organised with highly motivated staff, and is about to initiate a textile and garment project (for which sewing machines have already been purchased) to provide work for seamstresses who were put out of work by the decline in the garment industry. The organisation also works with individuals infected by HIV, and with prisoner rehabilitations programmes.

SCORE - Outreach: 2; Resilience: 2; Cash: 2; Poorest: 3; Sus: 1; CC: 3; *Average: 2.2*

Funding Types F and G

These are not ‘field projects’ and are not rated under this exercise. Funding Type F comprises AusAID funded initiatives in the financial inclusion area (including PFIP and micro-insurance). It is considered that these are valuable initiatives that should be retained or expanded in a future funding portfolio. Funding Type G comprises assistance to Pacific organisations that help with overcoming market access regulations for Fiji export commodities. This is a practical and very useful activity, where future support can be justified under any number of criteria.

Summary and Some Preliminary Conclusions (from the meetings and field visits)

AusAID has been funding an array of worthwhile activities, mostly small scale, across a spectrum which can be loosely described as ‘strengthening rural and urban livelihoods’. The word ‘strengthening’ can be taken to include both income growth and livelihood resilience (reducing vulnerability to crises or shocks). At one end of this spectrum lie purely economic and market-oriented initiatives to expand cash income generating opportunities for poorer people in Fiji; at the other are community and social initiatives that are more to do with strengthening community institutions than with income generation. The portfolio as a whole errs in the direction of livelihood asset building (human, economic, financial, natural capital) and connecting poor people to markets.

In terms of the projects visited, for those that are rated in the above subjective exercise, the average scores were as set out in the table below, ordered from highest to lowest. No scientific accuracy should be attributed to this scoring system since it is not based on systematic enquiry. Clear ‘winners’ here are Nature’s Way, Tutu and Saraswati Beekeepers. These score well for different reasons. Nature’s Way provides an excellent example of providing growers with the capability to participate competitively in the value chain for exported horticultural products. It has

a strong commercial dynamic, scope for expansion, and AusAID can contribute to outreach to new participants. Tutu instils the motivation for young Fijians to become market oriented farmers while at the same time complying with their community obligations. Saraswati Beekeepers has identified a model that allows flexibility in scale of individual involvement (e.g. from 4 to 40 beehives), has strong scope for replication and scale up, and can potentially be extended to other lines of production than bees where market opportunities exist or can be created.

Project	Score
Nature's Way	2.8
Tutu	2.8
Saraswati Beekeepers	2.8
Future Forests	2.4
Lutu	2.4
FRIEND	2.3
Reddy Duck Farms	2.2
Micro-Nurseries	2.2
PCSS	2.2
MORDI	1.0

Only fractionally below these first three are Future Forests and Lutu. Future Forests comply with similar criteria for success as those found in Nature's Way or Saraswati Beekeepers. The only question mark here relates to the time duration of the investment and whether teak growers (other than the core enterprise) will stick with the investment for sufficient years to realise the economic return envisaged. Lutu scores high on many criteria, but appears not to be replicable. Given the duration of its history and the number of people who have visited the project, any potential for replication in adjacent villages or elsewhere would surely have occurred by now. This project is not in any case in receipt of AusAID funding.

It is possible that FRIEND and PCSS are slightly under-rated in this exercise. This is because they are NGOs which need continuing support to do the things which they do; unlike the economic enterprises that can be self-sustaining under certain conditions once AusAID funding has been spent. Both FRIEND and PCSS have a very good record with regard to the things which they set out to achieve, and their outreach is high relative to funds committed. It is likely that they would be priority recipients of continuing support under the future CSO programme. Reddy Duck Farms has been successful and has made good use of past AusAID funds; it appears, however, that it may have reached the limits of its growth potential unless a similar project were started elsewhere under a different management. It provides another good example of practical models by which farmers can be connected to markets.

MORDI's project in Namosi was, on balance, not high priority for AusAID funding (although the parent NGO may well be!). These are superficially remote villages, but in fact have road access from three directions and river access to Navua. The high cost of a transport fare to Suva reflects the distance and vehicle wear; but this is a bit misleading since many young people from those villages in fact live and work in Suva, and transport is evidently available enough for dalo and yaqona to be sold to market. The 'remote' village from which the community facilitator had ridden by horse in fact used to have a subsidiary manufacturing plant for Pure Fiji, and has road

access which was temporarily cut off by a landslide (or bridge washout?), which is due to be reopened quite soon.

From these case studies a ‘core’ model emerges for successful building of resilient rural livelihoods in Fiji. This model involves linking farmers to markets via a strong facilitator. The facilitator may be a private company that is interested (or can be persuaded) to take its social obligations seriously, a non-government or civil society organisation (including religious institutions), or, more rarely, a community organisation like the Lutu Cooperative. The facilitator plays a key role in providing farmer training and technical support at the production end; key inputs for start-up (e.g. seedlings); and often (but not always) the connection to the market intermediaries further up the value chain (at home or abroad). In the case of the beekeepers, farmers must become their own honey sales agents, and this seems to work adequately in that example. The role of AusAID in this model is to fund the ‘public interest’ component of spreading a good market idea to as many participants as possible; it is also legitimate to use aid funds to overcome a particular investment bottleneck which is preventing an otherwise clearly beneficial project from going ahead.

A secondary model apparent in the case studies is continuous support to civil society organisations that are involved in resilient livelihood or community development activities, but are unlikely to ‘graduate’ from needing funding in the future; since their portfolio of activities are predominantly ‘public interest’ and they have few means of recouping their outlays through the market. Carefully selected, these organisations can make a big difference to the lives and livelihoods of the communities and individuals that they support; including in the economic sphere of production advice and help with markets.

The projects visited for this aide memoire were almost entirely, if not exclusively, rural and agricultural (while also containing human capital and community development dimensions). The recent poverty analyses for Fiji suggest that in terms of absolute numbers (even if not in proportions), the urban poor are likely to be just as numerous as the rural poor in Fiji and may even be more numerous (there is an argument that urban poor areas are under-represented in the national sampling frame). Spatially, poverty is proportionately higher in Vanua Levu especially in the more densely populated northern side of the island, than in other parts of Fiji. In addition, rural to urban migration is important, more rapid than tends to be officially recognised, and gives rise to the social and economic adjustment problems that occur with rapidly expanding populations in and around major cities. In view of these considerations, AusAID may wish to consider more deliberately seeking out urban Fiji and Northern Province opportunities for building resilient livelihoods in Fiji.

Delivery Strategy and Theory of Change

Background (as seen by an outsider)

It is understood that delivery strategies incorporating a theory of change are a new way of organising Australian aid according to a common set of principles across all aid recipient countries. Many of the elements of this approach are familiar from earlier strategic approaches such as logical frameworks. The core of these approaches is the statement of an overarching purpose such as ‘reduce poverty in Fiji’, then a set of subsidiary and manageable objectives designed to contribute to the overall purpose, and a set of proposed inputs and projected outputs designed to meet the stated objectives. Setting out an aid programme in this form facilitates subsequent interim and final evaluations, since M&E can be designed around indicators of

progress according to what the programme stated it would deliver and when. More recently, the achievement of delivered outputs has come to be considered inadequate for measuring programme success, since the successful delivery of, for example, 15 weeks training in cassava production, has little to commend it if none of the participants go on to cultivate cassava, or to improve their incomes through this route. Hence the new emphasis on impact evaluation, which focuses on long term outcomes, and on observable differences in livelihood indicators between the beneficiaries and non-beneficiaries of the development intervention. The theory of change is an interesting and useful addition to the design task since it demands that the process (cause and effect) by which high level purpose is to be achieved is fully specified (a dynamic log frame essentially does the same thing).

Theory of Change

The Theory of Change developed in Suva Office was undergoing revision towards the end of this consultant's visit. The high level purpose (super goal) has been stated as Improved Livelihoods and Resilience of Rural and Urban Poor in Fiji. Beneath this are the two pillars of 'improved incomes and employment for rural and urban poor' and 'increased household and community resilience to shocks and stresses'. This is more or less exactly as should be expected from the pattern of ongoing and forward activities described in this aide memoire: these divide between economic enterprise, on the one hand, and community cohesion on the other. At the third level of purpose, eight desirable longer term outcomes of the funding portfolio are identified, and these are well specified. Finally a manageable portfolio of bilateral and regional programmes is set out, and the links to outcomes are in process of being further developed.

In developing further the major links and cross-linkages between these programmes and the way they influence outcomes, note could be taken of some of the distinctions and interactions identified earlier in this Aide Memoire. In particular, there are a number of cross-linkages to 'livelihood asset building'. Livelihood assets comprise human capital (health, skills, training), natural capital (land, soil quality), financial capital (transfers, savings, credit), economic or physical capital (tools, equipment, processing machinery, buildings, roads etc.), and social capital (social cohesion and informal SP). Raising the level of some combination of livelihood assets is generally considered to be a good thing, and contributes to both income/employment and resilience. Higher assets enable more active participation in markets and higher incomes. In poverty traps, family or community assets are depleted, income earning capability is diminished, and assets cannot be rebuilt since there is no capacity to accumulate. An example is a family that experiences a shock (death of the main breadwinner), discovers that it is irretrievably in debt, has to sell land or house to repay debts, loses active family members who move away to build lives elsewhere, leaving behind perhaps a widow and elderly grandparents. The opposite positive spiral upwards is worth encouraging – active family members stay at home and have worthwhile activities in which to engage, debts are paid off and savings occur, investments are undertaken which increase income further and so on.

Delivery Strategy

Here some blocks of text that may be useful (or not) for the Delivery Strategy are drafted.

(Under Theory of Change)

In rural Fiji, most of the population are food secure most of the time due to traditional social protection, and the presence of good soils with abundant rainfall. On the other hand, as for any PIC, there are serious problems of remoteness, high transport costs, lack of market access, lack of

advice on crop or livestock alternatives, and a tendency for subsistence level incomes to remain static in the long term. In addition, the steep decline in the sugar industry that has been ongoing for several years and is predicted to accelerate as ACP sugar protocol support is finally withdrawn altogether, makes diversification of income sources for former cane farmers an urgent priority. Fiji is prone to natural disasters (cyclones, floods, droughts, climate change) meaning that it is not sufficient for rural families and communities to stay at the subsistence level; they require additional income as a buffer against personal shocks and widespread disasters. Finally, on the social side, lack of basic social services around health, nutrition, gender equity and disability mean that much needs to be done to raise the level of such services, at the same time contributing to the social cohesion for which Fiji is well known.

Rural hypothesis: Scope exists to connect farmers to markets in such a way that they can diversify income sources, raise rural incomes and learn to cultivate new crops, thus providing a buffer against shocks and disasters and reducing rural vulnerability. This process will be facilitated by better financial inclusion (transfers, savings, credit, micro-insurance); and also by strengthening community services and institutions. This hypothesis gives us the three pillars of strengthening rural livelihoods which are market-based increases in rural incomes, financial inclusion and community development.

A model of rising rural incomes accessible by the poor has been tried and tested over the past three years in Fiji. This model comprises identifying partners with whom AusAID can work as facilitators of new connections between poor farmers and markets. These partners can be private sector enterprises (private business), civil society organisations, or community organisations. In the case of private business, a requirement is that the business must be prepared to carry out outreach activities (for example, extension, training or provision of seedlings) which go beyond the strict parameters of commercial profitability; although in most cases a coincidence of interest between outreach and commercial considerations is in practice discovered. In this model, the goal of achieving reliable or sustainable increases in rural incomes has a clear pathway by which AusAID assistance can lever or accelerate the expansion to greater numbers of poor farmers of an initiative already put in train by the partner organisation. Thus AusAID can help organisations overcome resource constraints at start-up; accelerate the process of identifying, training and contracting new farmers; and explore new sites for the production of the same product or new products that could be produced by the same or different farmers. The pathway of cause and effect contains multiple strands but heads in the single direction of more poor farmers earning more cash income from higher crop or livestock sales to domestic or export markets.

Priorities for Future Funding

This final section of this Aide Memoire arises from the projects visited (as described earlier) and ongoing commitments which will come under the new aid strategy for Fiji. Some observations are as follows:

- (1) A number of previous partners merit continuing funding for different reasons; in particular:
 - (a) Nature's Way offers continuing potential to expand to new farmers and new products, with assistance for research, extension and outreach activities;
 - (b) Saraswati offers potential to replicate its beekeeper project in other parts of the country and to experiment with the same model for other enterprises for which a good domestic market potentially exists;

- (c) Future Forests probably no longer needs support (it is about to be listed on the Pacific Stock Exchange with an IPO); however, its outreach programme to additional growers represents a broader public interest some elements of which may be worth continuing to support;
 - (d) Ways of working with Tutu, either to replicate their farmer training model with modifications in other places, or to fund them to take on a new branch in their activities are worth exploring;
 - (e) The NGOs FRIEND and PCSS are worth continuing support since they are good at what they do and provide (to some extent) measurable evidence of impact on the well-being of families in the communities where they work;
 - (f) The author of this aide memoire has insufficient knowledge of other NGOs/CSOs with which AusAID has worked in the past to comment on their appropriateness for future funding;
 - (g) PHAMA should obviously continue to be supported; its work on market access for Fiji products in importing countries is essential as a complement to other activities and goals in the aid portfolio;
 - (h) Fragmentary work currently done on soil quality in Fiji (macuna beans etc.) could be extended in a more systematic way. Frequent mention was made in field visits to the declining Ph. level of soils (greater acidity) and the shortage and high cost of calcium carbonate (lime) to correct this. Rising acidity has an adverse effect on the uptake of nutrients by plants and reduces yields the more acid the soil becomes. The prevalence of shifting cultivation in *dalo* probably reflects experience of this effect by farmers; and it may also be a factor in cane yield trends.
- (2) Recent poverty analyses (supported by AusAID) demonstrate that poverty in Fiji is as much urban as rural, and that northern province (in particular the northern side of Vanua Levu) has high absolute numbers of people in poverty. A lot of the discussion in Fiji is about the spatial distribution of *relative* poverty, but this biases attention to poor rural areas with low population densities. It is appropriate also to examine the absolute numbers of poor and where these are located. In considering future replication of farmer-to-market work through a facilitating organisation, or identifying CSOs with potential for good results in community work, or urban poverty reduction efforts, the effort should be made to map new initiatives to the absolute numbers of people in poverty in different locations.
 - (3) Continued support to poverty analysis remains a useful exercise for AusAID to be engaged in.
 - (4) AusAID is already funding an impressive array of activities in the area of financial inclusion as well as electronic delivery of payments to FAP recipients. These should remain priorities for AusAID funding, with particular emphasis on expanding the financial services available in mobile phone networks and ensuring that these services are available where large numbers of poor people are located as well as in better off parts of Fiji.
 - (5) Urban poverty reduction represents a particular challenge in Fiji (as it does in urban areas the world over). There is pessimism about start-up micro businesses due to the small size of the domestic market. AusAID should consider funding work which brings international best practice in urban poverty reduction onto the table for discussion. The impression is that current efforts are largely ‘fishing in the dark’; however, there is a lot of material out there

(much of it on the internet), and there are case-studies of successful efforts to turn around blighted urban areas. The World Bank has done a lot of work in this area over many years.

Aid Scale-Up in Fiji

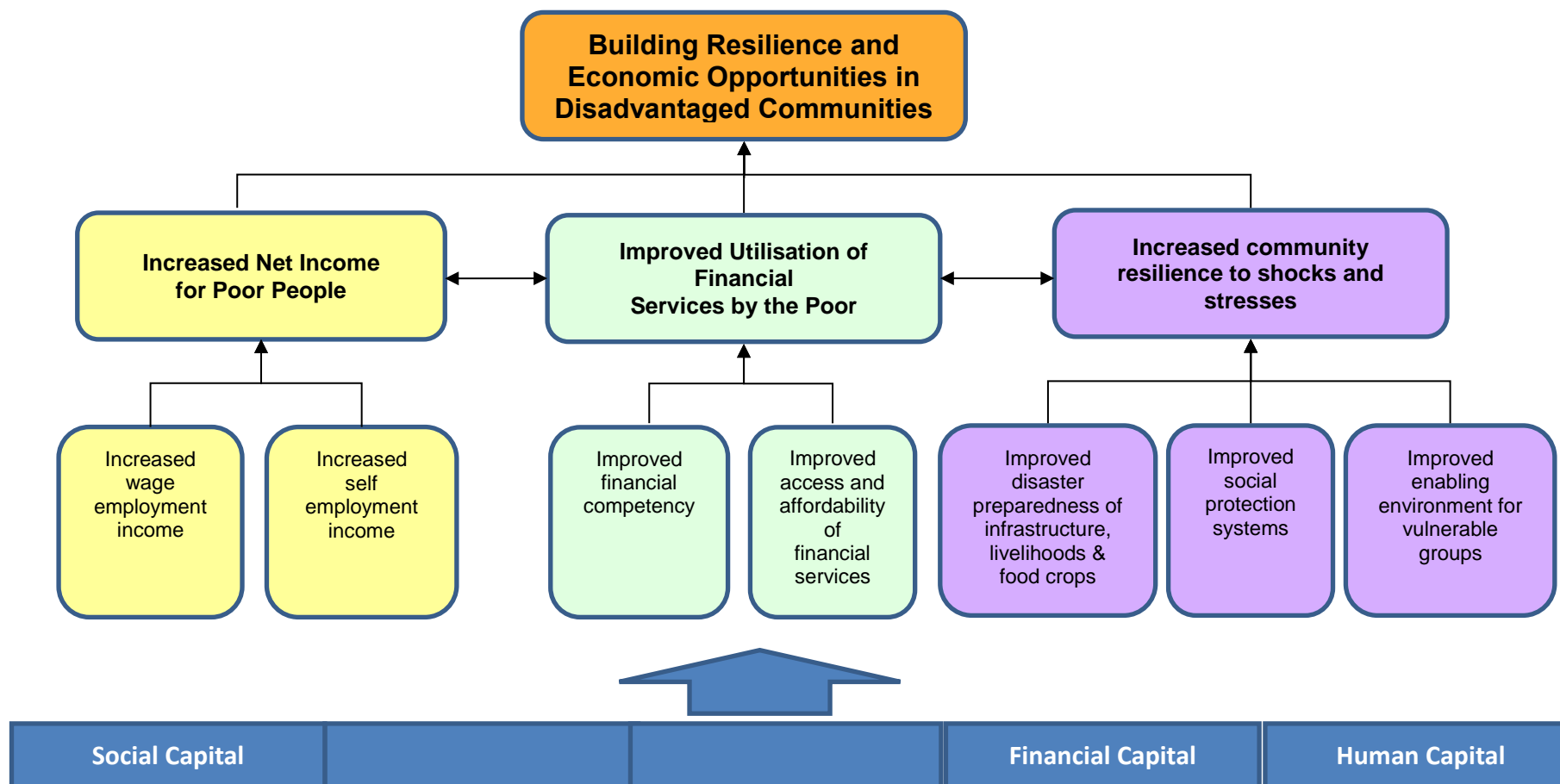
The question was raised concerning potential avenues for expansion if political circumstances changed so that AusAID decided to scale up the volume of its foreign assistance to Fiji. The table below shows some avenues that could be pursued with respect to the Building Resilience and Economic Opportunities for Disadvantaged Communities component of the new aid strategy. This table is set out to distinguish moderate from high impact outcomes, against an array of different potential funding level commitments. At this stage, the description of these options is not developed further. The high impact ideas comprise countrywide implementation of a suggested programme, designed to reach large numbers of poor people in multiple locations. The moderate impact ideas comprise programmes that are likely to be more location specific, or for which the spread effects are more limited than the high impact examples.

Up to AUD over 2 years	Moderate Impact	High Impact
\$10,000,000	> Micro-hydro supply	
\$5,000,000	> Market infrastructure for women traders > Mangrove-related livelihoods project in poor coastal areas	> Tutu version in high poverty areas (Bua, Navuso or Nadave) > Rural infrastructure – employment-intensive drainage and farm access roads
\$1,000,000	> Pulse production for domestic market > Virgin Coconut Oil project > Post-tissue culture nursery for climate-ready crops	> Affordable lime supply > Forestry extension project > Micro-enterprise development in urban settlements > Development of debt consolidation service for urban settlements
\$500,000	> Aquaculture extension project > Peking duck expansion	> Honey production expansion > Soil care training for farmers > Urban settlement nursery project
\$100,000	> Pilot (for potential scale-up) of Lutu farm cooperative model	> Replication of Lutu pilot, if successful

Frank Ellis

4 October 2011

Annex 3: CREO Theory of Change

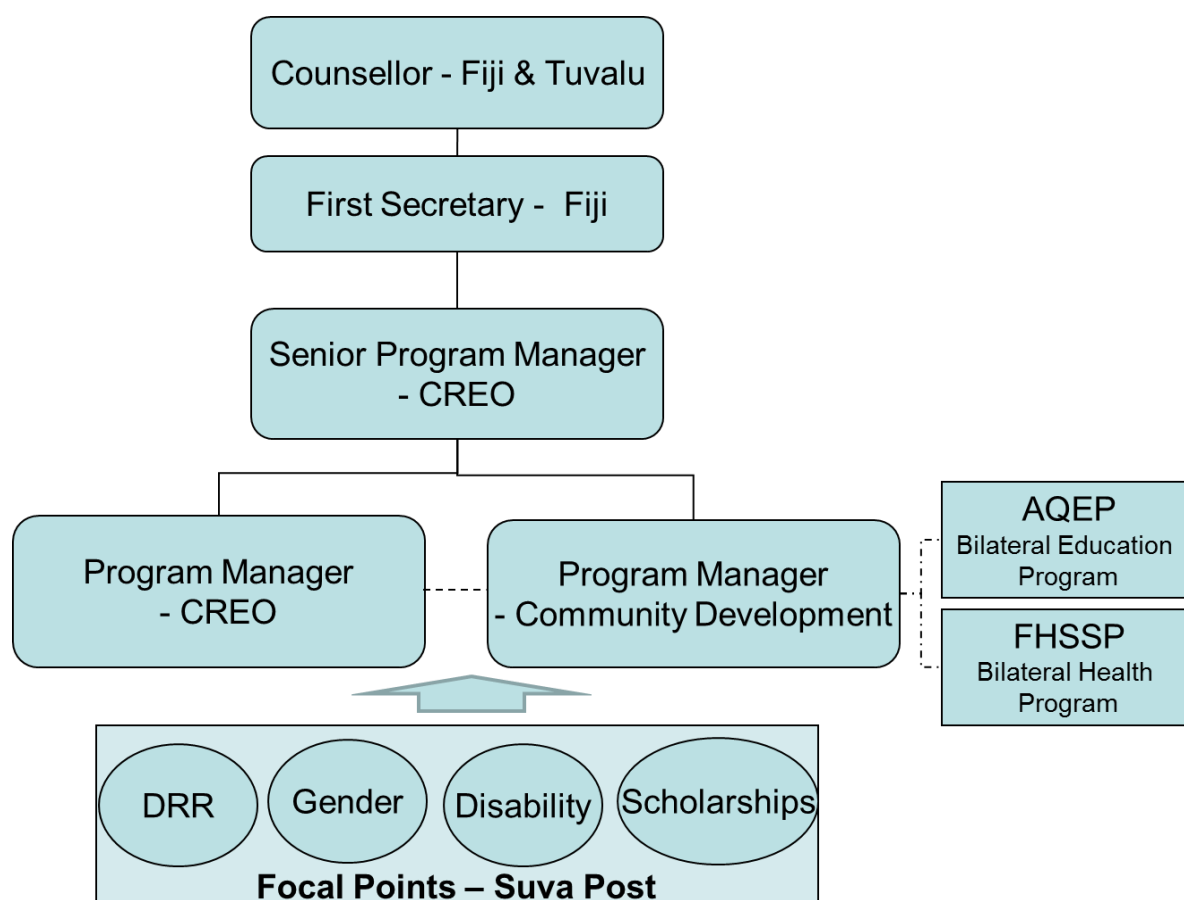


Annex 4: CREO PAF

Priority Issue	Indicator	Targeted Result	Result Timeframe	Relevant Fiji Initiative(s)
Fiji Program: Building resilience and economic opportunities in disadvantaged communities by 2014				
Cross-Cutting Priorities				
Gender	# women assisted across the delivery strategy	30 000	2014	
Disability	# people with disabilities benefiting across the delivery strategy	5000	2014	
Community Participation	# CSOs involved in service delivery across the strategy	50	2014	
	# volunteers involved in the delivery strategy	50	2014	
	# scholarships provided across the delivery strategy	50	2014	

Annex 5: CREO Proposed Staffing Structure at Suva Post

Position	Reports to	Key Responsibilities
Counsellor – Fiji bilateral	Minister-Counsellor Pacific	<ul style="list-style-type: none"> > High level policy dialogue > Chair of CREO 6-monthly review and reflect meetings
First Secretary – CREO and Education	Counsellor Fiji	<ul style="list-style-type: none"> > Coordination with Government, Donors and Multinationals > Supervision and monitoring of CREO Annual work plan > CREO pipeline planning
Senior Program Manager – CREO	First Secretary CREO	<ul style="list-style-type: none"> > Management oversight and monitoring for all CREO Programming and FCDP > Collation of CREO Performance Assessment Framework data > Suva Post representation on governing committees of all contributing programs > Lead on Livelihood Creation and Financial Inclusion Programs
Program Manager – CREO	Senior Program Manager – CREO	<ul style="list-style-type: none"> > Coherence between CSO programming and CREO priorities > Management of Australian Volunteer Program > Lead on Community Resilience Programs
Program Manager – Community Development	Senior Program Manager – CREO	<ul style="list-style-type: none"> > Management of Fiji Community Development Program (FCDP) > Point of Contact for AusAID regional and global CSO programs > Coherence between CSO support to Health and Education Sectors



Annex 6: CREO Risk Register

Risk Category /Sector	Objective/s	Risk No.	Risk (what will prevent you achieving the objective/s?)	Existing Controls (what's currently in place?)	Risk rating with existing controls in place			Is risk rating acceptable? Y/N (if no, please propose treatments)	Proposed Treatments (If no further treatment required or available, please explain why)	Target rating when Proposed Treatments are in place		
					Consequence (refer to matrix)	Likelihood (refer to matrix)	Risk Rating (refer to matrix)			Consequence (refer to matrix)	Likelihood (refer to matrix)	Risk Rating (refer to matrix)
Community Resilience and Economic Opportunities (CREO)	Overarching strategy to guide and manage AusAID initiatives in livelihoods, Financial Inclusion and Community Resilience in Fiji	1	Inability to capture the results and aggregate up the impact of a number of different initiatives under the CREO sector	A draft Performance Assessment Framework (PAF) has been developed based on the CREO Delivery Strategy and Theory of Change/Impact Logic. All programs in the CREO sector are being requested to align their M&E frameworks to allow them to report on the PAF indicators. Regular technical assistance is being provided by Sara Webb on the CREO PAF and broader AusAID Fiji program-wide monitoring framework.	Moderate	Possible	High Risk	N	Finalise PAF, plus alignment and determine capacity of programs to report on PAF indicators. The PAF will be updated every 6 months and discussed as part of the 6 monthly CREO management meeting with all relevant Team Leaders for programs under CREO.	Moderate	Unlikely	Moderate

Risk Category /Sector	Objective/s	Risk No.	Risk (what will prevent you achieving the objective/s?)	Existing Controls (what's currently in place?)	Risk rating with existing controls in place			Is risk rating acceptable? Y/N (if no, please propose treatments)	Proposed Treatments (If no further treatment required or available, please explain why)	Target rating when Proposed Treatments are in place		
					Consequence (refer to matrix)	Likelihood (refer to matrix)	Risk Rating (refer to matrix)			Consequence (refer to matrix)	Likelihood (refer to matrix)	Risk Rating (refer to matrix)
		2	Lack of political/government support for initiatives under CREO Sector as links with Line Ministries are not well established compared to Education and Health Sectors.	All AusAID Programs in Fiji are captured under the Australia-Fiji Subsidiary Agreement, which requires regular dialogue and updating of progress with the Budget and Aid Coordination Unit (BACC) at the Ministry of Finance. Where possible programs will also be encouraged to hold regular briefings with local stakeholders, including relevant Line Ministries.	Moderate	Possible	High Risk	N	Suva Post and CREO Programs will stay informed about budgetary and strategic priorities of Government to assess alignment with AusAID Strategies and Program objectives. Also efforts will be made to have regular meetings/updates with ministries for finance, national planning, agriculture and provincial development	Moderate	Unlikely	Moderate
		3	Lack of human resources and technical capacity of AusAID CREO team at Suva Post to manage/engage effectively with all key implementing program partners.	CREO staffing structure and responsibilities currently being monitored by AusAID management at Suva Post.	Moderate	Unlikely	Moderate Risk	Y	6 monthly review of capacity of CREO Team to effectively manage portfolio of programs, with outcome to inform future staffing and business plan.	Moderate	Unlikely	Moderate

Risk Category /Sector	Objective/s	Risk No.	Risk (what will prevent you achieving the objective/s?)	Existing Controls (what's currently in place?)	Risk rating with existing controls in place			Is risk rating acceptable? Y/N (if no, please propose treatments)	Proposed Treatments (If no further treatment required or available, please explain why)	Target rating when Proposed Treatments are in place		
					Consequence (refer to matrix)	Likelihood (refer to matrix)	Risk Rating (refer to matrix)			Consequence (refer to matrix)	Likelihood (refer to matrix)	Risk Rating (refer to matrix)
		4	The Managing Contractors under CREO do not implement the program according to the terms and conditions of the contract, annual work plan and quality of implementation is inadequate	The establishment of technical advisory groups and country steering committees for each program will provide strategic oversight and review the program's progress in implementation and in achieving its objectives.	Moderate	Unlikely	Moderate Risk	Y	AusAID annual quality processes will enable the monitoring of programs - this includes APPR and QAI and contractor performance assessments. Suva Post also has an active role on governing bodies and monitoring of program outputs against the CREO PAF.	Moderate	Unlikely	Moderate

Risk Category /Sector	Objective/s	Risk No.	Risk (what will prevent you achieving the objective/s?)	Existing Controls (what's currently in place?)	Risk rating with existing controls in place			Is risk rating acceptable? Y/N (if no, please propose treatments)	Proposed Treatments (If no further treatment required or available, please explain why)	Target rating when Proposed Treatments are in place		
					Consequence (refer to matrix)	Likelihood (refer to matrix)	Risk Rating (refer to matrix)			Consequence (refer to matrix)	Likelihood (refer to matrix)	Risk Rating (refer to matrix)
		5	Inability of Suva Post to influence regional/global programs managed out of Canberra and consequent programming choices by implementing partners in Fiji.	Suva Post holds positions on the governing bodies/steering committees for most regional programs in the country.	Moderate	Possible	High Risk	N	AusAID Fiji ensures there is CREO representation on all relevant governing bodies for regional programming in Fiji. Efforts will also be made to build closer working relationships with thematic groups and regional program managers in Canberra to influence future programming in line with the CREO delivery strategy.	Moderate	Unlikely	Moderate