

MANAGEMENT RESPONSE- DFAT-INTERNATIONAL FINANCE CORPORATION FIJI PARTNERSHIP REVIEW REPORT

Summary of management response

A review of the DFAT-International Finance Corporation (IFC) Fiji Partnership was conducted in February 2020 to assess the extent to which the program remains relevant and is operating efficiently and effectively. The review focused on how the Partnership to date has supported the expansion of economic opportunities and inclusive, private sector-led growth in Fiji. It also sought to develop recommendations for future work in Fiji.

The review found that the partnership is performing outstanding work and that it is a model for economic cooperation which should be replicated. However, it also found that if the review adopted a rigid approach based on the partnerships monitoring and review framework, in particular the numerical targets underpinning the programs objectives, the program would have to be deemed as not meeting its mandate. This is because the numerical targets do not capture the programs high scores for relevance, effectiveness, efficiency, impact and sustainability.

The partnership employs three main pathways to advance its objectives. The review noted this includes direct support to business and improved access to capital and financial services, support for policy and regulatory reform to improve the business and investment climate in Fiji, and a brokering role in investment deals, in key areas such as renewable energy, tourism and trade. The review found that this approach was comprehensive and responsive to partner Government needs.

The efficiency of the program was highly rated. The review found that the joint governance mechanism was working particularly well. This model brings together the IFC, and the Governments of Fiji, Australia and new partner New Zealand (who joined the partnership in October 2019). The review emphasised that the Government of Fiji's full participation in the partnerships steering committee was promoting significant Government ownership, led by both the Ministry of Economy and the Ministry for Industry, Trade and Tourism (now the Ministry of Commerce, Trade, Tourism and Transport). The review commended the ability of the World Bank Group to quickly build up close relationships with Government of Fiji officials. Such an achievement is noteworthy when considering the partnership was being built up and developed at the same time the World Bank Group was re-engaging with Fiji.

The review found that the partnership is working efficiently with other key private sector development programs in Fiji, notably the Asian Development Bank and the DFAT funded Market Development Facility. Both these stakeholders reported the IFC's approach was complimentary to their programs and provided important support to their respective activities and priorities.

The review further found the program is highly relevant and well aligned to Fiji Government policy, and is advancing Australia's commitments to private sector development and economic governance in the Pacific. The review also found that gender was highly relevant in the Partnership's work, and was being effectively addressed in project implementation. The review highlighted the WINvest project, which had developed studies and outreach on issues relating to gender-based violence and childcare.

On impact, the review noted the foundations for impact have been built, but have not yet fully materialised. The review noted each project under the partnership has a clear and specific log frame tracking project outputs, outcomes and impacts. A significant number of the projects were found to be innovative and pioneering, particularly in a Pacific context. External feedback from stakeholders highlighted a consistent message that all projects are on the right track and must continue to be

effectively supported. The review noted it is still too early to give a final verdict on both impact and sustainability.

The challenge for the next phase of partnership is to strengthen its ability to monitor and evaluate progress towards overall program objectives. The review found that the partnership is lacking an explicit articulation of its overarching objective. While the partnership is currently defined by eight numerical targets, there is no log frame demonstrating how progress towards these targets is tracking. The review also noted there is a lack of certainty on whether these targets are being used and whether they are binding in the operations of the various activities the partnership is advancing. The review found there appears no consistent link between project monitoring and review, and the overall strategic objective of the partnership.

The review also found corrective action is required in regards to the health public private partnership (PPP). This activity supported the Government of Fiji to enter into a PPP with Healthcare Fiji Pte Limited to substantially upgrade, maintain and operate two public hospitals in Fiji. On 20 March 2020, the project was placed on hold due to COVID-19 related challenges, including travel restrictions and supply chain constraints. The review found this activity requires further consideration from a health systems perspective. While the review found the transaction has progressed rapidly and has been well-managed, including with post-transaction support from IFC, the implications of a major public hospital which is operating at entirely new standards requires careful consideration, especially focusing on wider systemic challenges. The review recommended further analysis to ensure any issues at a system level can be identified and managed. It also recommended enhanced collaboration with relevant areas of the World Bank Group.

DFAT accepts all of the review recommendations. The management response represents DFAT's commitment to program improvement for the next phase of DFAT – IFC – New Zealand Fiji Partnership (2020-22).

Individual management response to the recommendations

Recommendation	Response	Explanation	Action plan	Timeframe
Recommendation 1 Corrective action on Partnership numerical targets	Agree		DFAT will review the current partnerships numerical targets, and in close consultation with the IFC, New Zealand and the Government of Fiji will seek to develop a whole of program theory of change and monitoring and evaluation framework that captures the overall contribution of the partnership. The framework will be informed by the log frames of the various program activities, which we note the review found adequately tracked outputs, outcomes and impact. The results from the framework will feed into our regular aid quality check and program performance reporting.	By February 2021
Recommendation 2 Corrective action on Health Public Private Partnership	Agree		DFAT, through the Fiji bilateral aid program, is supporting the Ministry of Health and Medical Services to strengthen Fiji's national health system. We will provide support as requested by the Government of Fiji Subject to manage systemic challenges associated with the hospital PPP project. DFAT will also request the World Bank Group provide further technical advice on this issue, for careful consideration through the joint steering committee mechanism. DFAT will request that additional analysis and monitoring at the systems level is considered to identify any potential problems early and to help realize the potential benefits of this PPP.	Ongoing

Recommendation	Response	Explanation	Action plan	Timeframe
Recommendation 3 Support a permanent dialogue mechanism: Public Private Dialogue	Agree		DFAT recognises the value of a permanent dialogue mechanism involving the Government of Fiji, the IFC and other development partners. The Fiji Australia Vuvale Partnership welcomed “the establishment of annual Government-Business Working Groups and enhanced engagement between the Australia-Fiji and Fiji-Australia Business Councils to identify opportunities to expand trade and investment links”. In partnership with the Government of Fiji, we will look for opportunities to progress dialogue on the business environment in Fiji once travel is able to resume.	Ongoing
Recommendation 4 Taking care not to overburden counterparts	Agree		DFAT will continue to prioritise the Government of Fiji’s participation in the steering committee, which we consider to be an efficient platform promoting full country ownership. We are focussed on ensuring all partners in the partnership access regular and concise briefing on partnership activities. We will also coordinate missions to avoid development partner fatigue.	Ongoing
Recommendation 5 More emphasis on communication	Agree		DFAT will request the development of a communications plan associated with any future phases of the partnership. This will identify opportunities for further engagement bringing together the Australian High Commission in Suva, the IFC, New Zealand and the Government of Fiji. The communications plan will highlight key engagements to communicate program results.	Ongoing