

## Report on Quality at Entry and Next Steps to Complete Design for Pacific Horticultural and Agricultural Market Access

<b>A: AidWorks details</b> <i>completed by Activity Manager</i>			
<b>Initiative Name:</b>	<b>Pacific Horticultural and Agricultural Market Access</b>		
<b>AidWorks ID:</b>	INI851	<b>Total Amount:</b>	<b>\$14.3 million</b>
<b>Start Date:</b>	1 July 2009	<b>End Date:</b>	30 June 2013

<b>B: Appraisal Peer Review meeting details</b> <i>completed by Activity Manager</i>	
<b>Initial ratings prepared by:</b>	Cindy Wiryakusuma
<b>Meeting date:</b>	5 February 2010
<b>Chair:</b>	Jane Lake
<b>Peer reviewers providing formal comment &amp; ratings:</b>	– Olivia Bartlett DAFF, and Tony Banks NZAID
<b>Independent Appraiser:</b>	– Alwyn Chilver, Adviser, Sustainable Development Group, AusAID
<b>Other peer review participants:</b>	– DFAT, Biosecurity Services Group (DAFF), and from within AusAID: Honiara, Samoa, Pacer Plus unit, Gender Section, Sustainable Development Group, Operational Policy and Support/Procurement Agreement Services.

**C: Quality Rating Assessment against indicators**

completed by Activity Manager / Peer Reviewers / Independent Appraiser

Quality	Rating (1-6) *	Comments to support rating	Required Action (if needed)
1. Clear objectives	5	<p>The overarching goal of the Pacific Horticultural and Agricultural Access (PHAMA) is to increase exports of high value primary products, contributing to increased economic growth and improved rural livelihoods; through effective collaboration between Pacific Island governments and the private sector resulting in new or improved market access for selected high priority products.</p> <p>The objective articulated above is consistent with the Pacific Plan's regional economic growth strategy for "Increased sustainable trade" by expanding markets for exports.</p> <p>Recognising that a common constraint faced by PICs is that of meeting market access requirements (such as food safety, quarantine, sanitary and phytosanitary standards) of its trading partners, the PHAMA program design articulates the case for targeted intervention.</p> <p>A lack of processes, resourcing and capacity in the Pacific to gain, maintain, and improve market access is identified. Both national and regional approaches are considered in the program to address the issue of market access. At the country level, a "Market Access Working Group" (MAWG) will help prioritise the work on those areas likely to have the most impact. At the regional level, the Secretariat for the Pacific Community (SPC) will be supported to provide regional market access services.</p> <p><b>Issues raised</b></p> <p>The peer review found that although the objectives articulated in the design are clearly stated, some additional clarification was needed regarding:</p> <p><u>Timeframe</u>: the timeframe against which objectives are measured must be made explicit, as the process of gaining market access can take up to five years. Measurables may be achieved in earlier years of the program through the inclusion of processed agricultural products; as quarantine and food standards requirements placed on processed and semi-processed products are considerably less than for fresh products.</p> <p><u>Objectives and intended benefits</u>: marginalised groups are not adequately identified as beneficiaries within the program's objectives.</p> <p><u>Regional &amp; bilateral objectives</u>: in some countries like the Solomon Islands, broader constraints to trade exist.</p>	<p><u>Timeframe</u></p> <p><i>Response: Agreed.</i></p> <p>: The timeframe and long lead time required for processing of market access submissions will be clarified within the design document.</p> <p>: PHAMA's objectives will be clarified to explicitly include semi-processed agricultural and horticultural products, enabling country-level market access working groups (MAWGs) to prioritise such goods.</p> <p><u>Intended benefits</u></p> <p><i>Response: PHAMA is designed as a highly targeted intervention that addresses market access issues only. Although the process of prioritisation can include distributional impacts on groups such as women and the poor; the poorest are unlikely to be direct beneficiaries of this program as their production is primarily for subsistence consumption and domestic markets.</i></p> <p><u>Regional &amp; bilateral</u></p> <p><i>Response: Agreed.</i></p> <p>: Activity manager to stay aware of, and promote linkages with other programs in the agricultural sector where appropriate (e.g. bilateral and ACIAR programs.)</p> <p>: The bilateral programs will work with governments to ensure broader market constraints are addressed.</p>

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2. Monitoring and Evaluation	4	<p>The preliminary monitoring and evaluation framework proposed in the design document emphasises the production of reports, rather than monitoring that can be used as a management tool.</p> <p>The design's M&amp;E preliminary framework monitors outcomes and impacts, as well as intermediate outputs. Monitoring is to be ongoing, included as a component of required reporting by the managing contractor to AusAID.</p> <p><b>Issues raised</b></p> <p><u>M&amp;E model</u>: the peer review commented that the model proposed in the design document reflects a reports-based approach and as such, is not a mechanism for supporting the day-to-day management of the facility.</p> <p><u>Evaluation</u>: the peer review proposed that the independent, mid-term review should be held prior to the end of Phase 1 (i.e. June 2013) to examine the efficacy of the program design in assisting PICs to gain market access for prioritised products. It was also suggested that an assessment of the economic benefits from PHAMA should be included as part of the review.</p>	<p><u>M&amp;E model</u></p> <p><i>Response: Agreed. Best practice M&amp;E should inform operational decision-making. A framework to assess the operations of the facility and performance of the managing contractor will be appropriate for PHAMA.</i></p> <ul style="list-style-type: none"> <li>: The monitoring and evaluation framework proposed in the design will be amended to reflect issues put forward during the peer review; and will take into consideration the suggestion by an independent PHAMA reviewer that the framework examine a new model for M&amp;E available from the Donor Committee for Enterprise Development website.</li> <li>: Finalisation of the M&amp;E framework would take place as part of preparatory work ahead of full implementation of PHAMA.</li> </ul> <p><u>Evaluation</u></p> <p><i>Response: the independent review will form the basis of the Quality at Completion report and will examine the program's effectiveness for achieving market access outcomes for PICs.</i></p> <ul style="list-style-type: none"> <li>: An independent evaluation will contribute to AusAID performance and quality processes (especially the Quality at Completion process) and may include an economic assessment of costs versus benefits of PHAMA.</li> </ul>

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3. Sustainability	4	<p>Sustainability in the Pacific context is a difficult issue: support to PICs on market access issues will need to continue into the very long term, for example, funding for the SPC. For PHAMA, the key issue is how the managing contractor is phased out over time and the program integrated into the core SPC program.</p> <p>There are several issues of sustainability to be considered. Firstly, the ownership of market access issues by industry and governments through their MAWGs, and secondly, the long-term sustainability of the program is critically dependent on the success of SPC's management, processes and programs.</p> <p>Although the program is funded through Australian and NZ official development assistance, in the longer term there must be a genuine contribution to costs of market access from all stakeholders – including governments and industry.</p> <p><b>Issues raised</b></p> <p><u>Sustainability strategy</u>: the design document highlights PHAMA will only exist for eight years. There is not a clear articulation of how the program will evolve over time, particularly how the program will move away from management by a managing contractor to an SPC and country-based program.</p> <p><u>Capacity building at the national level</u>: the PHAMA design document does not clearly outline any capacity building at the regional and country levels. With reliance on technical market access specialists, it may be difficult to promote sustainability without significant resources devoted to capacity building.</p>	<p><u>Sustainability strategy</u></p> <p><i>Response: Agreed. Integration of project style interventions into on-going programs of the relevant mandated regional organisation (SPC in this case) is consistent with the Regional Institutions Framework. A need for a mid-term review is evident.</i></p> <ul style="list-style-type: none"> <li>: A strategy to integrate the PHAMA intervention into SPC's core program after eight years will need to be articulated in the design document.</li> <li>: The need for a review to coincide with the completion of the initial phase of PHAMA is aforementioned, but re-emphasised here with respect to sustainability. An exit strategy for PHAMA will need to be considered prior to commencing Phase 2 of the program in July 2013.</li> </ul> <p><u>Capacity building</u></p> <p><i>Response: Partially agreed:</i></p> <p><i>Capacity building is inherently part of the PHAMA design. Private sector and government will "learn by doing" to familiarise national stakeholders with the process of market access prioritisation, writing quality market access submissions and constructive, strategic collaboration between industry and government.</i></p> <p><i>PICs will likely become more reliant on regional market access services over time, due to capacity and scale issues. While it is agreed that SPC capacity must be enhanced to handle increasing demand, technical market access skills are highly specialised and scarce. SPC is unlikely to retain TA with the appropriate skill set into the longer-term. As such, SPC's capacity building must necessarily include capacity building for managing, facilitating and coordinating technical assistance for regional market access for PICs.</i></p> <ul style="list-style-type: none"> <li>: PHAMA to work towards a long-term strategy of enhancing regional market access services through SPC.</li> <li>: SPC capacity to provide such services to be enhanced, working closely with Suva Post and in concert with New Zealand's broader SPC capacity building program.</li> </ul>
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4. Implementation & Risk Management	5	<p>The design document describes the Australian, NZ and Pacific implementation arrangements in terms of institutions and processes clearly.</p> <p>A two year process of concept development and design that closely involved the SPC has led to PIC stakeholders and SPC familiarisation with, and support for the PHAMA program.</p> <p>Initial consultations with key stakeholders with interests in, or responsibility/authority for market access issues led to an approved concept design in 2008. Following the announcement of a budget measure to fund support for food security in May 2009, workshops which brought together PIC government and industry for discussions and a demonstration of the prioritisation process have proven useful for informing preparations, ahead of full implementation in August 2010 if the PHAMA design is approved.</p> <p>Within the PHAMA design, risk management is approached as an integral part of monitoring and evaluation arrangements.</p> <p>The explicit link between risk and monitoring and evaluation will provide a responsive process that can contribute to program learning and pro-active management through the duration of PHAMA.</p> <p>In the design document, key risks are comprehensively and clearly identified and management strategies discussed. Appendix 11 further identifies risks facing PHAMA, assesses likely occurrence and examines the relative merits of various mitigation measures.</p> <p>For example: a key risk identified in the design document is that funding for year 2 of PHAMA (\$850,000 in 2010/11) may be inadequate to prepare for the significant scale-up in funding in 2011/12 (\$5.4 million). Mitigation measures include maximisation of preparatory work ahead of implementation (such as establishment of MAWGs), bringing SPC spending forward to June 2010 and seeking other donor or partner funding to top up existing levels of funding for Year 2.</p> <p>Another key issue raised in the design document yet to be resolved by AusAID is the location of the managing contractor. SPC has proposed the managing contractor be co-located with SPC in Suva; the benefits of which are described in the design document.</p> <p><b>Issues raised</b></p> <p><u>Implementation:</u> the peer review raised the key role MAWGs play in building awareness about the PHAMA program amongst other industry organisations leading up to the implementation of PHAMA, as it will be important to have representation of interests across agricultural sub-sectors.</p>	<p><u>Implementation</u></p> <p><i>Response: MAWGs will have an outreach role in their home countries, and will be responsible for raising awareness of the program and engaging with exporters to take part in the prioritisation process.</i></p> <ul style="list-style-type: none"> <li>: The design document will be amended to articulate the outreach role of MAWGs amongst MAWG responsibilities, which will be supported in each country by a National Market Access coordinator.</li> <li>: AusAID to decide location of PHAMA managing contractor.</li> </ul> <p><u>Risk</u></p> <ul style="list-style-type: none"> <li>: Measures to manage risks outlined in Appendix 11 of the PHAMA design document will be considered an integral part of preparation work, and in selection of the managing contractor.</li> <li>: The managing contractor will be required to formulate a risk management strategy.</li> <li>: With respect to the key risk raised as an example during the peer review (year 2 funding shortfall), several measures are already in place to manage this risk: <ul style="list-style-type: none"> <li>o Preparation work will begin, if PHAMA is approved through the peer review process.</li> <li>o Amongst broader discussions regarding coordination between AusAID and NZ-IDG for PHAMA, NZ has proposed co-financing beginning in 2010/11.</li> </ul> </li> </ul>
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5. Analysis and lessons	5	<p>The PHAMA concept is a new concept: a targeted facility to support <i>only</i> regulatory aspects of market access.</p> <p>PHAMA was based on research by AusAID's [then] Rural Development Advisor, Andrew MacGregor, who argued that "<i>Maintaining and increasing export earnings are crucial to supporting income security and hence food security. Market access for Pacific island countries' agricultural, forestry and marine products is therefore an important contributor to food security</i>" (Source: Pacific Economic Bulletin, 2009*).</p> <p>Wide consultations with Australia, New Zealand and PIC stakeholders during the two year concept and design phase of PHAMA aforementioned were a key factor in enabling the design document to clearly articulate the case for targeted intervention for market access issues.</p> <p>A key lesson learned during the design of PHAMA is that interventions to improve access to markets do not always result in increased trade (e.g. SPARTECA). The PHAMA design therefore, places the onus on the private sector to lead the process of identification and prioritisation of market access issues, and includes a significant component to build the capacity of regional market access services to support PICs.</p> <p><b>Issues raised</b></p> <p>The peer review raised the following issues to emphasise their understanding and past experience with agricultural sector interventions in the Pacific.</p> <p><u>Role of SPC:</u> it was re-emphasised that the role of the SPC is key to the success of PHAMA. It will be necessary to provide capacity building and support for SPC's role in PHAMA.</p> <p><u>Coordination with other programs:</u> past experience has demonstrated that programs in the agricultural sector may not adequately address gaps, linkages, and wider issues at the country level; causing proliferation of interventions and fragmentation of sectors. Although the proposed program sensibly focuses on products that have been prioritised, broader constraints will still affect the supply response even after market issues are addressed.</p> <p>*NB this research was already available for discussion within AusAID during 2008</p>	<p><b>Role of SPC</b></p> <p><i>Response: Agreed, and this was discussed elsewhere.</i></p> <p>: The issue of SPC sustainability and capacity building is discussed in Section 3.</p> <p><b>Coordination</b></p> <p><i>Response: the program will work closely with other programs such as PARDI, and with bilateral programs, to ensure there is effective coordination of programs addressing supply chain issues. Again, this is aforementioned.</i></p> <p>: That the program managing office and Canberra program managers stay across other programs working with supply chain issues and that donor coordination occurs.</p> <p>: Similar comments were raised and discussed in Section 1</p>
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* Definitions of the Rating Scale:			
Satisfactory (4, 5 and 6)		Less than satisfactory (1, 2 and 3)	
6	Very high quality; needs ongoing management & monitoring only	3	Less than adequate quality; needs to be improved in core areas
5	Good quality; needs minor work to improve in some areas	2	Poor quality; needs major work to improve
4	Adequate quality; needs some work to improve	1	Very poor quality; needs major overhaul

D: Next Steps <i>completed by Activity Manager after agreement at the Appraisal Peer Review meeting</i>		
Provide information on all steps required to finalise the design based on <i>Required Actions</i> in "C" above, and additional actions identified in the peer review meeting	Who is responsible	Date to be done
Amend the design document in line with the comments above.	PHAMA design team	12 February 2010
Finalised QAE to be sent to all participants	Cindy Wiryakusuma	5 March 2010
Preparation work to commence, to support full implementation in August 2010.	Cindy Wiryakusuma	22 February 2010
AusAID to decide location of managing contractor	Jane Lake	TBC0

E: Other comments or issues <i>completed by Activity Manager after agreement at the APR meeting</i>
<ul style="list-style-type: none"> <li></li> <li></li> </ul>

F: Approval <i>completed by ADG or Minister-Counsellor who chaired the peer review meeting</i>		
On the basis of the final agreed Quality Rating assessment (C) and Next Steps (D) above:		
<input checked="" type="checkbox"/> <b>QAE REPORT IS APPROVED</b> , and authorization given to proceed to:		
<input checked="" type="radio"/> <b>FINALISE</b> the design incorporating actions above, and proceed to implementation		
or: <input type="radio"/> <b>REDESIGN</b> and resubmit for appraisal peer review		
<input type="checkbox"/> <b>NOT APPROVED</b> for the following reason(s):		
<hr/> <hr/> <hr/>		
Jane Lake	signed: <i>Jane Lake</i>	25/3/10 < date >

**When complete:**

- Copy and paste the approved ratings, explanation and actions (table C) into AidWorks
- The original signed report must be placed on a registered file

**SIGN  
HERE**

